99th Congress
1st Session

COMMITTEE PRINT

MINUTES

OF THE

BUSINESS MEETINGS AND HEARINGS

OF THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

(Pursuant to Committee Rule IVf)

PART 2

DECEMBER 4, 1985.—Printed for the use of the Committee on Agriculture

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[1] Effective only for the first session of the Ninety-ninth Congress.

Rule IVf of the Committee on Agriculture, House of Representatives, requires that the minutes of business meetings and hearings be published on a periodic basis.

In compliance with that rule, the minutes of business meetings and hearings from July 9, 1985, through December 4, 1985, are contained in this committee print.

The committee rule follows:

f. *Publication of Minutes.*—The Chairman of the Committee, in consultation with the Ranking Minority Member, shall cause to be published as a Committee Print on a periodic basis (and insofar as practicable on a semiannual basis) the minutes of all business meetings and hearings of the Committee and any of its Subcommittees and such minutes shall include a record of the attendance of members, all recorded votes and the action on all amendments and motions relating to legislation.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 9, 1985

X~~(Sub)~~ Committee: Full

met at 2:10 p.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100, the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, Tenn.
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm
Mr. Hatcher

Mr. Tallon
Mr. Staggers
Mr. Evans, Ill.
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Kim Schnoor, Subcommittee Staff Director
Steve Kerr, Minority Consultant
Courtney Pastrick, Staff Assistant
Jeffrey Weiss, Staff Assistant
Bernard Brenner, Press Secretary
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk

Witnesses:

Present to respond to questions:

Ms. Jean Harmann, Office of Legislative Counsel, House of Representatives

Mr. Douglas Bellis, Office of Legislative Counsel, House of Representatives

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

U.S. GOVERNMENT PRINTING OFFICE 63—10585-1pp

Tuesday, July 9, 1985
Full Committee
Business Meeting - Afternoon Session
Food Security Act
H.R. 2100 and Committee Print

Action Taken

-- By voice vote Jeffords amendment on exportation of dairy cattle agreed to.

-- By voice vote Jeffords amendment clarifying diversion program adopted.

-- By show of hands vote of 14 yeas-15 nays Jeffords amendment on modification of contracts under diversion program not adopted.

-- By voice vote Lewis technical amendment aligning class I differentials in Florida agreed to.

-- By show of hands vote of 5 yeas-25 nays Olin amendment deleting diversion program in favor of changes in current price support levels not agreed to.

-- By voice vote English amendment providing for representation of meat importers on Beef Promotion and Research Board adopted.

-- By voice vote Volkmer technical amendment remitting excess collections back to producers agreed to.

-- By voice vote Gunderson technical amendment to diversion program agreed to.

-- By voice vote Gunderson amendment providing for study of casein adopted.

-- By voice vote Gunderson amendment eliminating changes in differentials not approved.

-- By voice vote Daschle amendment adding live animals to English amendment agreed to.

-- By voice vote English amendment, as amended, banning importation of meat, meat products, or live animals which were subjected to use of prohibited chemicals or animal drugs adopted.

-- By voice vote Daschle amendment providing for study of labeling and sanitation standards on imported agricultural commodities agreed to.

Tuesday, July 9, 1985
Full Committee
Business Meeting - Afternoon Session
Food Security Act
H.R. 2100 and Committee Print

Action Taken Continued:

-- By voice vote Penny amendment providing for pork promotion, research, and consumer information program adopted.

-- Without objection Bruce amendment clarifying dairy research under the bill to help small- and moderate-sized dairy farms agreed to.

-- Without objection Jeffords amendment giving preference to small- and medium-sized producers in diversion program withdrawn for redrafting.

-- By voice vote Smith amendment providing for orderly marketing of dairy cattle approved.

-- Without objection staff directed to correct Committee reference.

-- By voice vote dairy title tentatively approved for inclusion in the farm bill.

-- Without objection Roberts amendment expanding promotion program to wool and sheep agreed to.

-- Without objection the wool and mohair title tentatively agreed to for inclusion in the farm bill.

Chairman de la Garza called the meeting to order for the purpose of marking up H.R. 2100, the Food Security Act of 1985, and subcommittee substitutes thereto as reflected in the Committee Print. The text of H.R. 2100 is considered the basic document, but the text of the language reported by the subcommittees is considered language for purposes of amendment. At the conclusion of the markup the language of the Committee Print, as amended, will then be incorporated into H.R. 2100. (Due to the massive size of the documents, H.R. 2100 and Committee Print comparison and the section by section analysis are maintained in the permanent files of the Committee.)

Mr. Coelho, Chairman of the Subcommittee on Livestock, Dairy, and Poultry, was recognized to explain the provisions of the proposals reported by the subcommittee to the full Committee. Discussion occurred on the dairy title.

Mr. Jeffords was recognized to offer an amendment (copy attached) to give the Secretary an alternative of exporting producing dairy cows rather than using other means of disposal under the dairy diversion program. Discussion occurred and by a voice vote the amendment was agreed to.

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Mr. Jeffords offered the attached amendment to establish minimum amounts of products to be diverted under the dairy diversion program and to clarify the type of diversion program. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Jeffords offered a third amendment (copy attached) which would permit the Secretary to modify contracts under the diversion program in the event sufficient supplies of milk are not produced in fiscal year 1987. Discussion occurred and by a show of hands vote of 14 yeas-15 nays the amendment was not agreed to.

Mr. Lewis offered the attached technical amendment to align the class I differentials for several areas in Florida in order to prevent a dislocation problem. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Olin offered the attached amendment which would eliminate the diversion program which was approved by the subcommittee, and change the level of milk price support as contained in current law. A comparison of the proposals is also attached. Discussion occurred and by a show of hands vote of 5 yeas-25 nays the Olin amendment was not approved.

Mr. English offered the attached amendment which would provide for importers of meat into the country to have representation on the Beef Promotion and Research Board. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Volkmer offered the attached technical amendment which would amend the provision in the bill whereby the Secretary estimates excess purchases and if excess collections are made they would be remitted back to the farmer. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Gunderson offered the attached technical amendment to the diversion program which would require that in any diversion contract entered into during the two-year program the same percentage of reduction would be provided in each of the two years. Discussion occurred and by a voice vote the proposal was adopted.

Mr. Gunderson then offered the attached amendment providing for a study relating to casein. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Gunderson offered the attached amendment eliminating changes in differentials (explanation also attached). Discussion occurred and by a voice vote the amendment was not agreed to.

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Mr. English offered the attached amendment which would provide that there shall not be any meat or meat food products imported into the United States in which agricultural chemicals or animal drugs prohibited in the production of meat in the U.S. were used. Discussion occurred.

Mr. Daschle offered the attached amendment to the English amendment which would include in the section live animals. Discussion continued and by a voice vote the Daschle amendment was agreed to. The English amendment, as amended, was then adopted by a voice vote.

Mr. Coelho suggested that report language also be included to spell out the concerns expressed in the Committee and to reflect the intent of the English amendment, as amended.

Mr. Daschle offered the attached amendment providing for an examination and report on labeling and sanitation standards for importation of agricultural commodities. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Penny offered the attached amendment providing for a pork promotion, research and consumer information program (summary also attached). Discussion occurred and by a voice vote the Penny proposal was approved.

Mr. Bruce offered the attached amendment to provide that the newly created National Dairy Research Endowment Institute study ways to help farmers in small- and moderate-sized dairy farms to continue in operation. Discussion occurred and without objection the amendment was agreed to.

Mr. Jeffords offered the attached amendment which would give preference to small- and medium-sized producers in putting milk into the diversion program. Discussion occurred. Without objection Mr. Jeffords withdrew the amendment for redrafting to meet the concerns of the Committee.

Mr. Smith offered the attached amendment which would provide for the orderly marketing of dairy cattle so as not to depress the red meat market. Discussion occurred and by a voice vote the amendment was approved.

Without objection staff was directed to change the subcommittee reference as contained in the Committee Print to the Committee on Agriculture.

By a voice vote the dairy title was tentatively approved for inclusion in the farm bill.

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Mr. Coelho explained the provisions contained in the wool and mohair title. Discussion occurred.

Mr. Roberts offered the attached amendment to allow the Secretary of Agriculture to expand the export promotion program now operating for mohair and goats to wool and sheep. Discussion occurred and without objection the proposal was agreed to.

Without objection the wool title was tentatively approved for inclusion in the farm bill.

During the proceedings one recess was taken at 2:30 p.m. to enable Members to respond to a recorded vote on the House floor. At 5:25 p.m. the meeting was adjourned to reconvene at 7:00 p.m. this date for consideration of the conservation title.

Peggy L. Pecore
Peggy L. Pecore

(1)

JEFFOR109

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. JEFFORDS

(Amendment is to book 1 of the text reported by subcommittees.)

Page 12, line 21, insert ``or for export'' after ``slaughter''.

②

JEFFOR206

Minimum Amount To be Diverted and Clarification of Type of Diversion Program to be Offered.

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100

OFFERED BY MR. JEFFORDS

(Amendment is to book 1 of the text reported by subcommittees.)

Page 11, strike out lines 25 and 26, and insert in lieu thereof the following:

program formulated under clause (iii) and the program formulated under clause (iv). The aggregate amount of the reduction under such diversion program so established in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of such reduction.

Page 12, line 4, strike out ``may'' and insert in lieu thereof ``shall''.

Page 15, after line 15, insert the following new clause (and redesignate succeeding clauses accordingly):

(iii) in clause (i) by striking out ``there would be an excessive reduction in the level of milk production in the United States'' and inserting in lieu thereof ``the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)'';

JH1007

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY ________________

(Amendment is to book 1 of the text reported by subcommittees.)

Page 11, line 5, strike out the period at the end thereof and insert in lieu thereof the following:

, except that if the Secretary estimates at the end of fiscal year 1986 that the level of purchases under this subsection in fiscal year 1987 would be less than five billion pounds (milk equivalent) as a result of the operation in fiscal year 1987 of the program so established, the Secretary may modify any of such contracts to ensure that sufficient supplies of milk will be produced in fiscal year 1987.

4

LEWIS055

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. LEWIS

(Amendment is to book 1 of the text reported by subcommittees.)

Page 33, in the matter following line 15, strike out the items relating to Upper Florida, Tampa Bay, and Southeastern Florida, and insert in lieu thereof the following:

Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18

5

OLIN009

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. OLIN

(Amendment is to book 1 of the text reported by subcommittees)

Page 2, strike out lines 3 and 4, and insert in lieu thereof the following:

This title may be cited as the ``Responsible Dairy Act of 1985''.

Beginning on page 2, strike out line 5 and all that follows through line 6 on page 32, and insert in lieu thereof the following (and redesignate references and succeeding sections accordingly):

SEC. 102. LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEAR 1986 AND SUCCEEDING FISCAL YEARS.

Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended to read as follows:

``(d) Notwithstanding any other provision of law:

‘‘(1) Beginning October 1, 1985, the price of milk shall be supported at $11.60 per hundredweight for milk containing 3.67 per centum milkfat.

‘‘(2) On January 1, 1986, on July 1, 1986, and on each successive January 1, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk by the Commodity Credit Corporation would be in excess of four billion pounds milk equivalent, the Secretary shall reduce the price support rate in effect by an amount not less than 50 cents per hundredweight.

‘‘(3) On January 1, 1986, and on each successive January 1, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk by the Commodity Credit Corporation would be less than two billion pounds milk equivalent, the Secretary shall increase the price support in effect by an amount not less than 50 cents per hundredweight.

‘‘(4) The price of milk shall be supported through the purchase of milk and the products of milk.’’.

Page 32, strike out lines 10 and 11, and insert in lieu thereof the following:

Section 101(b) of the Ag-

Page 33, strike out line 2 and all that follows through line 2 on page 36 (and redesignate references and succeeding sections accordingly).

Page 36, strike out line 15 and all that follows through line 2 on page 38 (and redesignate references and succeeding sections accordingly).

Page 46, strike out line 11 and all that follows through line 5 on page 47, and insert in lieu thereof the following:

This title and the amendments made by this title shall take effect on October 1, 1985.

Olin summary

COMPARISONS -- OLIN vs. UNITY (updated 7/9/85)

Fiscal Year	1986	1987	1988	1989	1990
I. SUPPORT PRICES UNDER THE UNITY BILL KEEP RISING, ENCOURAGING PRODUCTION					
Support Price					
Olin*	11.10	10.23	9.73	9.60	9.60
Unity	11.68	11.94	12.30	12.73	13.13
Baseline	11.60	11.60	11.60	11.60	11.60
(* Reduction beyond $10.10 or $10.60 may not be necessary)					
II. UNITY BILL KEEPS MILK PRICES HIGH, DISCOURAGING MORE CONSUMPTION					
All Milk Price					
Olin	11.81	10.98	10.52	10.44	10.45
Unity*	12.38	12.89	13.19	13.62	13.98
(* Pre-assessment price)					
Baseline	12.30	12.30	12.27	12.28	12.28
III. COW NUMBERS UNDER UNITY BILL REMAIN HIGH, INDICATING ROTATING DIVERSION					
Cow Number (million head)					
Olin	10.63	10.49	10.32	10.20	10.14
Unity	10.70	10.67	10.64	10.66	10.69
Baseline	10.73	10.69	10.61	10.54	10.46
IV. PRODUCTION SLOWS UNDER UNITY BILL ONLY WITH A CONTINUAL DIVERSION					
Milk Production (billion pounds)					
Olin	139.3	139.3	139.0	139.7	140.8
Unity	135.1	137.0	137.5	139.2	140.5
(Diverted)	5.5	5.5	5.5	5.0	4.5
Baseline	140.2	141.4	141.9	142.8	143.9
V. CONSUMPTION RISES FASTER UNDER OLIN BILL THAN UNDER UNITY BILL					
Consumption					
Olin	130.2	132.7	134.9	136.8	138.6
Unity	129.8	131.2	132.7	134.2	135.7
Baseline	129.8	131.6	133.5	135.2	137.1
VI. UNITY BILL RETAINS PURCHASES ABOVE 2.5-3 BILLION POUNDS GOVERNMENT NEEDS					
Net CCC Removals					
Olin	9.11	6.78	4.40	3.28	2.66
Unity	5.35	5.98	5.11	5.40	5.32
Baseline	10.36	9.96	8.75	8.00	7.33
VII. UNITY BILL ACHIEVES BUDGET REDUCTION ONLY THROUGH DIVERSION					
Net CCC Outlays (Million $)					
Olin	1463	1014	665	468	387
Unity*	744	882	932	923	951
(* Does not include $200 million annually for red meat purchases)					
Diversion Payments	413	550	550	513	463
Baseline	1721	1651	1498	1308	1202

KEY POINTS...OLIN DAIRY PROPOSAL FOR 1985 FARM BILL

I. Production
  A. Olin bill results in lower production without diversion than "unity bill" does with diversion.

II. Government cost
  A. Olin bill has greater overall savings over the five years.
  B. Olin bill projects lower annual cost by the third year.
  C. Olin bill deals with the true cost of the program -- doesn't hide it by shifting part of the cost to the producers.

III. Consumption
  A. Olin bill projects higher consumption each year than unity bill.

IV. Fairness
  A. Assessment/diversion unfairly assesses all producers -- whether or not they produce the surplus that is sold to the government -- to pay surplus producers to reduce production.
  B. Assessment/diversion is attractive even to those in dairy-deficient regions, creating further imbalance between the deficit areas and the surplus areas.
  C. Olin bill leaves to administrative action the decisions of regional differentials on movement of milk between federal orders; unity bill, by writing into law what the differentials will be, risks building in regional inequities that would require another law to correct.
  D. Although Olin bill will reduce cow numbers and there may be initial culling and slaughter, it avoids the unfairness of paying people to cull and subsidizing the entry of additional cows into the livestock market in competition with meat producers.

V. Stability
  A. Olin bill establishes a long-term, predictable program. Unity bill will tend to be cyclical, vary from year to year.

VI. Simplicity
  A. Olin bill establishes an easy-to-understand, easy-to-administer program. Reduces the likelihood of numbers manipulation, payment errors, etc.

VII. Proven workability
  A. Olin bill continues a policy that has worked in the past to manage production; the unity bill proposes a policy that failed to work as anticipated.

VIII. Philosophy
  A. It is not good public policy to pay people not to produce; government intervention should be limited to assuring sufficient supply at a reasonable retail price.
  B. It is not good business to set prices on cost of production -- that tends to reward inefficiency and extravagance rather than promoting efficiency and cost-consciousness. Olin bill makes no linkage with cost of production or dairy parity.

THE OLIN PROPOSAL:
HR 2100, reference to subcommittee amendments

Section 101, Page 2, lines 3 and 4:
Replace short title with "Responsible Dairy Act of 1985."

Section 102, Page 2, line 6 through Page 21, line 18:
Delete subcommittee language and insert price support language that:
--Recognizes current support price of $11.60
--Directs Secretary of Agriculture to lower support price in 50-cent increments twice in 1986 and then annually beginning in 1987 until projected government purchases are 4 billion pounds or less
--Directs Secretary of Agriculture to raise support price in 50-cent increments annually if projected government purchases are below 2 billion pounds

Section 103, Page 21, line 19 through page 32, line 6:
Delete provision for National Dairy Research Endowment Institute

Section 104, Page 32, lines 16-20:
Retain Transfer to Military and Veterans Hospitals

Section 105, Page 32, lines 21-25:
Retain Extension of Dairy Indemnity Program

Section 106 (b), Page 32, lines 8-14:
Retain Extension of Milk Marketing Orders

Section 106 (a), Page 33, lines 1-21, and (c) and (d), Page 34, line 23 through Page 36, line 2:
Delete Milk Marketing Orders

Section 107, Page 36, lines 3-9:
Retain Status of Producer Handlers

Section 108, Page 36, lines 10-14:
Retain Application of Amendments

Section 109, Page 36, lines 15-21:
Delete Pork Promotion and Research Program

Section 110, Page 36, line 22 through Page 38, line 2:
Delete Avoidance of Adverse Impact on Red Meat Producers

Section 111, Page 38, line 3 through Page 46, line 9:
Retain National Dairy Policy Commission

Section 112 (a), Page 46, lines 10-13:
Eliminate references to exceptions

Section 112 (b) and (c), Page 46, line 14 through Page 47, line 5:
Delete Exception and Diversion clauses

⑥

ENGLISH06

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. ENGLISH

(Amendment is to book 1 of the text reported by subcommittees.)

Page 253, line 4, insert ``and importers'' after ``producers''.

Page 253, line 9, insert the following after the period:

The Secretary shall provide for nominations to be submitted by importers.

Page 253, at the end of line 25, add the following:

The number of members on the Board which represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

ENGLISH06

Page 256, line 18, strike out ``shall´´ and insert in lieu thereof ``may´´.

Page 256, line 19, strike out ``directly´´.

⑦

JH1114

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY VOLKMER

(Amendments are to book 1 of the text reported by subcommittees.)

Page 8, strike out lines 12 through 19 and insert in lieu thereof the following:

``(ii) If for any fiscal year for which a diversion program is in effect under this paragraph, the level of purchases under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), then the Secretary shall refund, on a pro rata basis, to producers who marketed milk in such fiscal year for commercial use an amount equal to the difference between--

``(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis); and

``(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the fiscal year, and the amount, if any, deposited in the Dairy Research Trust Fund under subparagraph (B)(iii);

together with interest as determined in accordance with clause (iii).

JH1113

(8)

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. GUNDERSON

(Amendments are to book 1 of the text reported by subcommittees.)

Page 11, strike out lines 3 through 5, and insert in lieu thereof the following:

1987. Any contract entered into under the program formulated under clause (iii) with a producer shall require such producer to make an equal reduction in the marketing of milk by such producer in each of such fiscal years.

SUMMARY OF GUNDERSON AMENDMENT

MAKING A TECHNICAL REVISION IN THE DIVERSION PROGRAM

In Subcommittee, the length of any partial diversion program implemented during FY '86 was set at two years.

This technical amendment simply requires that any diversion contract entered into during that two-year program provide for the same percentage reduction in each of the two years (e.g., if a producer agrees to reduce production by 20 percent, he or she must reduce production by 20 percent in both 1986 and 1987).

⑨

GUNDER070

AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. GUNDERSON

Page 46, after line 9, insert the following:

SEC. 112. STUDY RELATING TO CASEIN.

The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the dairy price support programs of the United States Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Redesignate succeeding sections accordingly.

10

GUNDER069

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. GUNDERSON

(Amendment is to book 1 of the text reported by subcommittees.)

Page 33, strike out line 2 and all that follows through line 21 on page 34 (and redesignate succeeding subsections accordingly).

Page 46, beginning on line 11, strike out ``Except as provided in subsection (b), this'' and insert in lieu thereof ``This''.

Page 46, strike out lines 14 through 17.

Page 46, line 18, strike out ``(c)'' and insert in lieu thereof ``(b)''.

SUMMARY OF GUNDERSON AMENDMENT

ELIMINATING CHANGES IN DIFFERENTIALS

Section 106(c) on Marketwide Service Payments gives the Secretary the authority, among other things, to establish transportation pools and standby pools with designated reserve plants. Both of these methods move existing surplus milk into deficiency areas to meet seasonal shortages rather than promote new production in an attempt to solve these problems.

Increased differentials under Section 106(a), on the other hand, will result in new production in existing deficiency areas. While estimates vary on the precise increase, independent analysts agree that overall increase in production will occur.

Testimony during the Subcommittee mark-up indicated that USDA has demonstrated a willingness to address these problems through administrative action in the past. However, some of those attempts have failed because courts determined USDA lacked statutory authority for their actions. Finally, USDA noted that the authority they needed to accomplish these administrative changes is now included in the Marketwide Service Payments section of the Dairy Title. As such, any need to make permanent, legislative changes in differentials no longer exists.

Accordingly, this amendment eliminates Section 106(a) which would make permanent, legislative changes in differentials.

(11)

AMENDMENT TO TITLE I
Offered by Mr. English

After section 111, insert the following section and renumber the succeeding sections accordingly:

"MEAT IMPORT INSPECTION

"Sec. 112. Section 20 of the Federal Meat Inspection Act (21 U.S.C. 620) is amended by adding at the end thereof a new subsection (f) as follows:

"(f) Notwithstanding any other provision of law, all carcasses, parts of carcasses, meat and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines which are capable of use as human food offered for importation into the United States shall be subject to the inspection, sanitary, species verification and residue standards applied to such articles produced in the United States. Neither shall any meat or meat food products be imported which have become adulterated within the meaning of the Act through the use of agricultural chemicals or animal drugs, the use of which, in the direct domestic production of such meat products, has been prohibited in the United States for reasons of health or safety by final judicial action or by administrative action that is final, subject to judicial review, and that has become effective. Provided, That the President may set aside the application of this subsection to the importations of any meat or meat food products if the President finds that it will have the specific effectof causing serious damage to the exportation of products from the United States or the international relations of the United States, and reports such factors, facts, concerns and findings that led him to such a determination to the Congress before such action becomes effective.

The Secretary shall inspect such articles through the use of random sampling for such residues and species verification. The provisions of this subsection shall not be deemed to permit the imposition of standards with respect to such imported articles that are less stringent that standards imposed under the other subsections of this section or more stringent than standards imposed upon comparable domestic products. The Secretary shall issue such regulations as are necessary to carry out the provisions of this subsection. The provisions of this subsection shall become effective 30 days after the date of enacatment of this subsection, except that the provisions of clause (1) of the third sentence shall become effective one year after such date of enactment and, thereafter, on the same date that a prohibition becomes effective with respect to the use of an agricultural chemical or animal drug in the domestic production of such meat products: Provided, That if the prohibition becomes effective with respect to such domestic production less than six months after the issuance of the administrative or court order, as applicable, the provisions of clause (1) of the third sentence shall become effective with respect to imported meat products six months after such order."

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AN AMENDMENT TO THE ENGLISH AMENDMENT

TO HR2100

Offered by Mr. Daschle of South Dakota

In subsection (f), on line 4, following the word "all" insert the following: "live or"

On line 11, following the words "Neither shall any" insert the following: "live animals,"

AN AMENDMENT TO THE COMMITTEE PRINT
TO HR2100
Offered by Mr. Daschle of South Dakota

On page 46, line 9, following Section 111, insert the following new section, and renumber accordingly:

EXAMINATION AND REPORT OF LABELLING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 112 (a) The Comptroller General of the United States shall conduct a study of Food and Drug Administration and U.S. Department of Agriculture requirements and regulations currently in effect for imported food and agricultural products. Such a study shall evaluate the effectiveness of existing Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on raw agricultural commodities and in packaged or prepared food products.

(b) The study conducted in this section shall include a review of regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues currently prohibited from use in the production of domestic live animals.

(c) The study conducted in this section shall include recommendations on the feasibility of requiring that quality control reports be submitted from processing plants certified by the Secretary as eligible to export meat and meat products to the United States.

(d) The study conducted in this section shall include recommendations on the adequacy of the Departments of Health and Human Services and Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and products.

(e) The study conducted in this section shall evaluate the feasibility of requiring all imported meat and meat products, agricultural commodities and products of such commodities to bear the label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment which serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of the Federal Meat Inspection Act (21 U.S.C. 620(a)) to inform individuals purchasing food from such establishment of the fact:

(1) By displaying a sign indicating that imported meat is served in such establishment; or

(2) By providing the information specified in paragraph (1) on the menus offered to such individuals.

(f) The Secretary shall submit the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate within one year after the date of enactment of this Act.

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JH1003

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. PENNY

(Amendments are to book 1 of the text reported by subcommittees.)

Page 2, after line 1, insert the following heading:

Subtitle A--Provisions Relating to Milk and the Products of Milk

Page 2, line 3, strike out ``title'' and insert in lieu thereof ``subtitle''.

Page 36, strike out lines 15 through 21 (and redesignate references and succeeding sections accordingly).

Page 46, line 12, strike out ``title'' and insert in lieu thereof ``subtitle''.

Page 46, line 13, strike out ``title'' and insert in lieu thereof ``subtitle''.

Page 46, line 20, strike out ``title'' and insert in lieu thereof ``subtitle''.

Page 47, after line 25, insert the following new subtitle:

Subtitle B--Pork Promotion, Research, and Consumer Information

SHORT TITLE

SEC. 150. This subtitle may be cited as the ``Pork Promotion, Research, and Consumer Information Act of 1985''..

FINDINGS AND DECLARATION OF PURPOSE

SEC. 151. (a) The Congress finds the following:

(1) Pork and pork products are basic foods that are a valuable and healthy part of the human diet.

(2) The production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations which include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis.

(3) Pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment.

(4) The maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products as well as to the general economy of the United States.

(5) Pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products.

(6) In recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed--

(A) to permit or require the imposition of quality standards for pork or pork products;

(B) to provide for control of the production or pork or pork products, or

(C) to otherwise limit the right of the individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 152. For purposes of this subtitle--

(1) the term ``porcine animals'' means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term ``pork'' means the flesh of porcine animals;

(3) the term ``pork products'' means products produced or processed in whole or in part from pork;

(4) the term ``Secretary'' means the Secretary of Agriculture;

(5) the term ``person'' means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term ``producer'' means any person who produces porcine animals in the United States for sale in commerce;

(7) the term ``importer'' means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term ``promotion'' means any action,

including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term ``research'' means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term ``consumer information'' means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term ``marketing'' means the sale or other disposition in commerce of pork or pork products;

(12) the term ``Delegate Body'' means the National Pork Producers Delegate Body provided for under section 156(b) of this subtitle;

(13) the term ``Board'' means the National Pork Producers Board of Directors provided for under section 156(c) of this subtitle;

(14) the term ``Committee'' means the National Pork

Producers Executive Committee provided for under section 156(d) of this subtitle;

(15) the term ``order'' means a pork and pork products promotion, research, and consumer information order issued under section 155;

(16) the term ``State association'' means that organization of pork producers in a State which is generally recognized as representing the pork producers of that State;

(17) the term ``State'' means any of the fifty States; and

(18) the term ``gross amount of checkoff'' means the total amount of assessment collected throughout the United States pursuant to section 156(g) in any applicable period of time.

PORK AND PORK PRODUCTS ORDER

SEC. 153. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States.

NOTICE AND HEARING

SEC. 154. During the period beginning on the date of enactment of this Act and ending thirtv days after receipt of a proposal for an initial order submitted by the Board, Committee, or any person affected by the provisions of this subtitle, the Secretary shall publish such proposed order and give due notice of and opportunity for a hearing upon such proposed order.

FINDINGS AND ISSUANCE OF AN ORDER

SEC. 155. After notice of and opportunity for a hearing has been provided in accordance with section 154, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, upon the evidence introduced at such hearing, the issuance of such order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than ninety days following the publication of such order.

REQUIRED TERMS AND CONDITIONS IN ORDERS

SEC. 156. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 157, no others.

(b)(1) The initial order described in section 155 shall provide for the establishment and appointment by the Secretary, within thirty days of the effective date of such order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State.

Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Committee may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d)(4).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate eleven pork producer members for appointment to the National Pork Producers Executive Committee from among the members of the Board provided in subsection (c) and shall submit such nominations to the Secretary. In making such nominations, the Delegate Body shall meet annually. A majority of the Delegate Body shall vote in person in order to nominate members to the

Committee.

(c)(1) The initial order described in section 155 shall provide for the establishment and appointment by the Secretary, within thirty days of the effective date of such order, of a National Pork Producers Board of Directors whose primary function is to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for three-year terms, with no member serving more than two consecutive three-years terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to one-year, two-year, and three-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(4).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of

the Board.

(d)(1) The initial order described in section 155 shall provide for the establishment and appointment by the Secretary of an eleven-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board and provided for in subsection (c) from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5).

(2) Members of the Committee shall serve for three-year terms with no member serving more than two consecutive three-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to one-year, two-year, and three-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine of any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to--

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans or projects and submit to the Secretary for approval any such plans or projects, provided that any plans or projects must be approved by the Secretary before becoming effective;

(B) administer any order, issued by the Secretary under this subtitle, in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of such an order;

(D) receive, investigate, and report to the Secretary, complaints of violations of such an order,

(E) make recommendations to the Secretary with respect to amendments which should be made to such order; and

(F) employ a staff and conduct routine business.

(e) The Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under any order pursuant to section 155 and for the payment of the cost thereof with funds collected through assessments under such order. Any such contract or agreement shall provide that--

(1) the contracting party shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from such plan or project;

(2) any such plan or project shall become effective upon the approval of the Secretary; and

(3) the contracting party shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted, an accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) In the manner prescribed by the order--

(1) each person who makes payment to a producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or such importer proves that an assesssment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one percent of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body provided for in subsection (b). No such increase may exceed one-tenth of one percent of the then current rate of assessment and the rate of assessment may not exceed five-tenths of one percent unless the Delegate Body, after the initial referendum called for in section 158(a), may recommend additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted pursuant to section 159(b).

(h) Funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association which is operating a State pork promotion program pursuant to State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff in such State and the percentage

applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a non-profit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff in the United States, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall receive the remaining funds to be used for--

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the

Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda pursuant to this subtitle.

(i) No promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) No funds collected through assessments authorized by this subtitle may, in any manner, be used for the purpose of influencing legislation as defined in section 4911(d) and (e)(2) of the Internal Revenue Code of 1954.

(k) The Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments authorized under this subtitle only in obligations of the United States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 157. On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, an order issued pursuant to this subtitle may contain one or more of the following provisions:

(1) Each person purchasing porcine animals from producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any other issued pursuant to this subtitle.

(2) All information obtained pursuant to paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only

in a suit or administrative bearing brought at the direction or upon the request of the Secretary or to which the Secretary or any officer of the United States is a party involving the order with reference to which the information was furnished or acquired. Nothing in this section prohibits--

(A) issuance of general statements based upon the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(3) Terms and conditions incidental to, and not inconsistent with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of such an order.

REQUIREMENT OF REFERENDUM

SEC. 158. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among producers who, during a representative period (as determined by the Secretary), have marketed, the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum. If continuation of the order is not approved by a majority of the producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 159.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 159. (a) After the initial referendum provided for in section 158(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 158(a), the Secretary shall, on request of a number of producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

PETITION AND REVIEW

SEC. 160. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that any such order, any provision of such order, or any obligation imposed in connection with such order is not in accordance with law and requesting a modification of such order or an exemption from such order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After such hearing, the Secretary shall make a determination granting or denying such petition.

(b) The district courts of the United States in any district in which such person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within twenty days after the date such person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court detemines that such determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

SEC. 161. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the admnistration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, or cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than thirty days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than $5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary

shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

SEC. 162. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of such person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISIONS

SEC. 163. The provision of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION

SEC. 164. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee pursuant to section 156(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

PREEMPTION

SEC. 165. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) which is in addition to or different from those made under this statute may not be imposed by any State.

1K

SUMMARY OF PENNY AMENDMENT TO ESTABLISH PORK PROMOTION, RESEARCH AND CONSUMER INFORMATION ACT

The amendment authorizes an orderly procedure for financing a coordinated program of pork promotion, research and consumer information through an adequate assessment or checkoff program.

The amendment provides for all pork producers to checkoff at first point-of-sale. Importers of foreign pork, and pork products would also contribute an equal amount.

The current voluntary organizations at the state and national level will remain intact. The full amount of checkoff funds will be controlled by pork producers through a delegate body. Three-fifths of the checkoff will continue to fund existing programs at the state and national level. The remaining 40 percent will be targeted to fund special projects submitted to the promotion board. These special projects may be at the state, regional or national level.

Currently, 28 voluntary checkoff states collect funds at the first point of sale and send these monthly to NPPC. The uniform checkoff rate is 0.3% of value (30¢ on $100). As of July 1, 1985, each legislative state is working toward the national uniform rate. (Rates now vary.)

The actual amount of the checkoff is under consideration by the pork producers. However, no rate increase is anticipated.

In fact, the checkoff may decline from 0.3% of value (30¢ on a $100 hog) to 0.25 of 1% of value (25¢ on a $100 hog). A final decision on the checkoff rate is expected at a pork producer delegate meeting July 24-25.

Comparison of the Current Voluntary Checkoff and the Proposed 100% Checkoff:

	Voluntary: 60% participation	100%
Funds generated	$16M	27M
Promotion	63%	71%
Research and Education	12%	11%
Communications	15%	10%
Administration	7%	6%
Government Relations	3%	2%

*Both funding rates at 0.3 of 1%.

A referendum would be required within 24-36 months. To be eligible producers must have marketed at least 50 hogs or more per year. Referendum requires a simple majority of those voting to continue 100% checkoff.

On page 24, line 5, before the semicolon, insert the following: ", particularly those appropriate to small- and moderate-size family farms"

JH10008

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. JEFFORDS

(Amendment is to book 1 of the text reported by subcommittees.)

Page 15, line 19, insert the following after the open quotation marks:

The Secretary may give preference to small and medium-sized producers in deciding how to reduce the required reduction among all contracts made under the program formulated under subparagraph (A)(iii).

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Smith

Page 19, after line 21, insert the following:

(viii) in subparagraph (B) by inserting after clause (iv) the following new clause:

"(v) Notwithstanding any other provision of this subsection, contracts executed pursuant to this paragraph during a fiscal year shall be divided into two six-month periods, with the first six-month period extending from March 1 through August 31. The Secretary shall determine annually by the beginning of the first six-month period, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such contracts and, shall by regulations, specify marketing procedures to assure that no more than forty percent of the total number of diversion contract dairy cattle which the Secretary has estimated will be marketed for slaughter in excess of the historical dairy herd culling rate during such fiscal year as a result of the diversion program authorized under this paragraph will be so marketed during the six-month period extending from September 1 through February 28, and such procedures shall further prescribe that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary which maintains historical marketing patterns. During such fiscal year the Secretary shall limit the total cows liquidated in excess of the historical dairy herd culling rate under diversion contracts to no more than seven percent of the national dairy cow herd.".

An Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the Subcommittee)
Offered by Mr. Roberts

On page 47, line 14 insert the following:
"Sec. 202. Section 708 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by inserting the words, "wool, sheep" immediately after the word "mohair" in the second sentence of that section.

Explanation of the amendment:

would allow the Secretary of Agriculture to expand the epxort promotion programs now operating for mohair and goats to sheep and wool.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 9, 1985

(~~Sub~~) Committee: Full

Meeting: Business - Evening Session

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 7:05 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Jones (Tenn.)
Mr. Rose
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Roberts
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Susan Adkins, Minority Consultant
Robert A. Cashdollar, Subcommittee Staff Director

Carol Ann Dubard, Staff Assistant
James W. Johnson, Staff Assistant
William E. O'Conner, Jr., Assistant Minority Staff Director
Peggy L. Pecore, Hearing Clerk
Glenda Temple, Staff Assistant
Fred Clark, Staff Assistant

Witnesses:

Present from the Office of Legislative Counsel to respond to questions:

1. Mr. Doug Bellis, Counsel
2. Ms. Jean Harmann, Counsel

Present from the Administration to respond to Member's questions:

1. Mr. Peter Myers, Assistant Secretary for Natural Resources and Environment, U.S. Department of Agriculture
2. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, U.S. Department of Agriculture
3. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, U.S. Department of Agriculture

Statements Filed:

Tuesday, July 9, 1985
Full Committee
Business Meeting - Evening Session
Food Security Act
H.R. 2100 and Committee Print

Action Taken

-- By voice vote Glickman amendment changing the applicability of the sodbuster sanction agreed to.

-- Without objection Coleman amendment making class VI land subject to sodbuster sanctions and eligible for the conservation reserve adopted.

-- By voice vote Coleman amendment establishing that 20 million acres would go into the conservation reserve agreed to.

-- By voice vote Daschle amendment including wetlands as subject to sanctions for putting into production agreed to tentatively.

-- By voice vote Madigan amendment adding an additional 5 million acres to the conservation reserve approved.

-- By voice vote Roberts/Daschle amendment broadening definition of types of plants that are considered for less intensive uses under the conservation reserve agreed to.

-- By voice vote Bedell amendment terminating grandfather exemption to the sodbuster sanctions not adopted.

-- By voice vote Stenholm amendment making ASC committees provisions mandatory adopted.

-- Without objection Madigan amendment on underground water resources reformed.

-- By voice vote Madigan amendment, as amended, agreed to.

-- By voice vote Jeffords amendment making changes in the Farmland Protection Policy Act not agreed to.

-- Without objection Emerson proposal reducing cropland bases withdrawn for perfecting.

-- Without objection, Smith given permission to work on definition of "cropland" for possible amendment.

-- By voice vote Title XII, as amended, tentatively approved for inclusion in the farm bill.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act. Mr. Jones (Tenn.), Chairman of the Subcommittee on Conservation, Credit, and Rural Development, was recognized for the subcommittee report on the conservation title.

Mr. Glickman offered the attached amendment to change the applicability of the sodbuster sanction from being commodity-specific to applyin to all commodities produced on the farm. Discussion occurred and by a voice vote the amendment was agreed to.

Tuesday, July 9, 1985
Full Committee
Business Meeting - Evening Session
Food Security Act
H.R. 2100 and Committee Print

Mr. Coleman offered the attached amendment making class VI land subject to sodbuster sanctions and eligible for the conservation reserve. Discussion occurred and without objection the amendment was agreed to.

Mr. Coleman offered a further amendment to allow 20 million acres to be put in the conservation reserve. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Daschle offered the attached amendment, the so-called swampbuster amendment, to include wetlands. He explained that the amendment was identical to the sodbuster provisions with one exception--the wetlands provisions would become effective on the date of enactment. Discussion occurred. By a voice vote the proposal was tentatively approved with the request that clarifying language would be incorporated into the Committee report to identify wetlands.

Mr. Madigan offered the attached amendment to add an additional 5 million acres to the conservation reserve with the stipulation that payments would be to producers in PIK commodities. Discussion occurred and by a voice vote the proposal was approved. Report language was requested to be included to give the Secretary guidance on what the Committee expects and an understanding of how the value of commodities would be determined.

Mr. Roberts offered the attached amendment on behalf of himself, Mr. Daschle, and Mrs. Smith of Nebraska. The amendment broadens the definition of the types of plants that are considered less intensive uses. Discussion occurred and by a voice vote the proposal was adopted.

Mr. Bedell offered the attached amendment to terminate the grandfather exemption to the sodbuster sanctions for the 1981 through 1985 crops at the end of the 1989 crop year, thus making the sodbuster policy apply to all highly erodible land regardless of its cropping history. Discussion occurred and by a voice vote the proposal was not approved.

Mr. Stenholm moved to amend page 47, line 1, by striking "may" and inserting "shall" to make mandatory the use of certain ASC committee services. (See attached.) Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Madigan offered the attached amendment to allow USDA to become more active in helping farmers and others conduct their operations in a manner to prevent pollution and misuse of underground water resources. Discussion occurred. Mr. Madigan asked unanimous consent to reform his amendment to add "at their request" after the word "commissions" on line 4. There was no objection and by a voice vote the Madigan amendment, as reformed, was adopted.

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Tuesday, July 9, 1985
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H.R. 2100 and Committee Print

Mr. Jeffords offered the attached amendment to make changes in the Farmland Protection Policy Act. Discussion occurred and by a voice vote the proposal was not adopted.

Mr. Emerson offered the attached amendment to reduce cropland bases on farms during the term of the conservation reserve contracts. Discussion occurred and without objection Mr. Emerson withdrew his amendment to perfect and consider it during markup of the bases and yields section.

Mr. Smith expressed an interest in the definition of cropland. Without objection, he was given permission to work on the definition of "cropland" for the possible offering of an amendment at a later time. He was assured his rights to offer an amendment would be protected.

By a voice vote Title XII, as amended, was tentatively approved for inclusion in the farm bill.

At 9:40 p.m. the meeting was adjourned to reconvene at 9:30 a.m. on Wednesday, July 10, for consideration of the credit title.

Peggy L. Pecore
Peggy L. Pecore

AN AMENDMENT TO THE COMMITTEE PRINT OF H.R. 2100

OFFERED BY MR. GLICKMAN

In Title XII, Section 1202 (a), in Book II, on page 33, line 10, strike — "of that".

The amendment changes the application of the sodbuster sanction from being commodity-specific to applying across the farm. If a producer tills highly erodible ground, the amendment would subject all commodities on the farm produced that year to the sodbuster sanctions, not simply the commodity which was planted on highly erodible ground. In broadening the sodbuster penalties, the amendment parallels the provisions of the sodbuster bill approved by this Committee and the House in 1984.

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Coleman

Page 32, line 12, strike the "e" from "VIe".

EXPLANATION

This amendment was requested by USDA. According to USDA there is no cropland conservation system that will keep class VI land, regardless of the sub-class, from seriously eroding. There is between four and five million acres of class VI land other than class VIe, now being farmed that should be eligible for the conservation reserve. This amendment will make that land eligible.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Coleman

Page 37, line 21, strike the comma after the word "duration" and insert "and totaling not in excess of 20 million acres,".

AN AMENDMENT TO THE COMMITTEE PRINT
OF HR2100
Offered by Mr. Daschle of South Dakota

Following Section 1205 of the Committee Print, insert the following new Section, and renumber subsequent Sections accordingly:

Sec. 1206. As used in this Section--

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, including one-trip planners;

(2) the term "wetland", except when such term is part of the term "converted wetland", means land that

is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of vegetation typically adapted for life in saturated soil conditions;

(3) the term ``converted wetland'' means land [redacted] that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity which results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if--

(A) such production would not have been possible but for such action; and

(B) before such action--

(i) such land was wetland; and

(ii) such land was neither highly erodible land nor highly erodible cropland, as defined in section 1201(4); and

(4) the term ``Secretary'' means the Secretary of Agriculture unless the context specifies otherwise.

PROGRAM INELIGIBILITY

SEC. 203. Except as provided in section 204, any person who plants an agricultural commodity on converted wetland for harvest shall be ineligible for--

(1) any type of price support or payments made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(2) farm storage facility loans under section 4 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(3) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(4) diaster payments under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); and

(5) loans made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration;

with respect to any commodity planted after the date of the enactment of this Act by such person for harvest.

EXEMPTIONS

SEC. 204. (a) Section 203 shall not apply to any person who produces an agricultural commodity on land which is converted wetland if such land became converted wetland before the date of enactment of this Act.

(b) Section 203 shall not apply with respect to any loan made before the date of enactment of this Act.

CONSULTATION WITH THE SECRETARY OF THE INTERIOR

Sec.205. The Secretary shall consult with the Secretary of the Interior for the purpose of issuing regulations under section 301(c) with respect to identifying, establishing criteria to identify, wetland and converted wetland.

Amendment to H.R. 2100 Committee Print

(Book 2 of the text as reported by the subcommittee)

Offered by Mr. Madigan

On page 37, line 7 after "(a)" insert "(1)". On page 37, line 14 insert the following:

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, the Secretary shall remove up to 5 million additional acres of highly erodible cropland through longterm contracts of up to 10 years with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation: *Provided*, That if the Secretary determines that sufficient stocks of such commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities the Secretary may make such payments in cash."

AMENDMENT TO H.R. 2100 COMMITTEE PRINT
(Book two of the text as reported by the subcommittee)
Offered by Mr. Roberts and Mr. Daschle

In section 1205 (b)(1) of the amendment, insert "forbs, shrubs," after "legumes,".

In section 1205 (f) of the amendment, strike oout the period at the end thereof and insert in lieu thereof the following:

and may where appropriate, accept contract offers which provide for the establishment of --

(1) shelterbelts and windbreaks; or

(2) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

Title XII, Subtitle A, Sec. 1203, as reported by Subcommittee:

Page 35, line 2: Insert before "on" the words "through the 1989 crop year".

This amendment would terminate the grandfather exemption for the 1981 through 1985 crops at the end of the 1989 crop year. The sodbuster policy would thus apply to all highly erodible land, regardless of its cropping history, by end of the 1989 crop year.

Farm owners and operators would have 5 years to bring land into compliance with locally approved conservatino plans, retire it from production, enroll it in the soil conservation reserve, or risk eligibility for the USDA programs.

Stenholm Amendment

REPORTED BY SUBCOMMITTEE

(b) In carrying out this title, the Secretary ~~may~~ shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek review of such determination.

(e) The authority provided by this title, shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

TITLE XIII—CREDIT

REAUTHORIZATION

SEC. 1307. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the provisions of subsection (a) of this section—

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Madigan

Page 46, after line 24, insert the following --

"Subtitle B - Water Resource Conservation

PROVIDING TECHNICAL ASSISTANCE FOR WATER RESOURCES

Sec. 1210. Notwithstanding any other provision of law, the Secretary is authorized to formulate a plan and provide technical assistance to property owners and agencies of local and state governments and interstate river basin commissions to --

(1) protect the quality and quantity of subsurface water including water in the nation's aquifiers,

(2) assist property owners in reducing their vulnerability to flood hazards that may affect water resources, and

(3) control the salinity in the nation's agricultural water resources.

REPORTS TO CONGRESS

Sec. 1211. The Secretary shall submit by February 15, 1986, and the fifteenth day of February each year thereafter, to the Committee on Agriculture, United States House of Representatives and the Committee on Agriculture, Nutrition and Forestry, United States Senate a report evaluating the plan and technical assistance authorized in section 1210 including any recommendations as to whether such plan and assistance should be extended, and, if so, how it could be improved together with any other relevant information and data relating to costs and other such elements that would be helpful to such Committees."

EXPLANATION

This amendment is needed to help USDA become more active in helping farmers and others conduct their operations in a manner to prevent pollution and misuse of the nation's underground water resources. Television programs have highlighted problems involved in over-depleting subsurface waters and lowering the water table to the detriment of neighboring farmers and rural communities. The underground water aquifiers in many parts of our nation is being polluted and depleted, often by non-farm interests, leaving water wells that farmers and rural communities depend upon either unusable or dry. Moreover, many aquifiers are being mined inasmuch as they are in effect not being recharged. Some areas are having problems with irrigation. Some areas are having problems with irrigation waters leaching out salts, selenium and other chemicals that cause both on-site and off-site damages.

Amendment to H.R. 2100 Committee Print

(Book 2 of the text as reported by the subcommittee)

Offered by Mr. Jeffords

Page 47, after line 24 insert the following new sections:

FARMLAND PROTECTION POLICY

SEC.1207. Section 1541(a) and (b) (7 U.S.C. 4202(a) and (b)) is amended to read as follows --

"(a) It shall be the policy of the United States that the expenditure or other commitment of funds to federal programs shall not contribute to the irreversible conversion of farmland to nonagricultural uses, unless it can be clearly demonstrated that there is no reasonable alternative to achieve the program objective.

"(b) Within 180 days of the enactment of this subtitle, the Secretary shall, in consultation with administrators of affected federal programs, and after notice and opportunity for public comment, issue regulations to implement the policy established by subsection (a) hereof.

SEC.1208. Section 1546 of the Farmland Protection Policy Act of 1981 (7 U.S.C. 4207) is amended by adding the words "and at the end of each subsequent calendar year" after the words "enactment of this subtitle".

SEC.1209. Section 1548 of the Farmland Protection Policy Act of 1981 (7 U.S.C. 4209) is amended by striking the words "State," and inserting before the period at the end of the sentence ": Provided, That the Governor of an affected State which has an existing State or local farmland protection program which is adversely affected by the conversion may bring an action in the Federal District Court of the district where such conversion of land is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant to.

An amendment to reduce cropland bases on farms during the term of conservation reserve contracts.

Page 40, line 23: insert following the word "permanently": "Provided that a reduction will be made during the period of the contract of cropland bases, quotas, and allotments planted to crops for which there is a production adjustment program. The reduction will be based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve as determined by the Secretary.

Explanation

To clarify how the reduction in cropland bases by the ratio between total cropland acreage on the farm and the acreage placed in the conservaion reserve works lets take an example. We have a farm with a total of 500 acres in cropland. On this farm there is a total of 400 acres of allotments. Lets say 100 acres is put in the conservation reserve.

The reduction of cropland bases on this farm would be 80 acres, computed as follows:

$$\frac{\text{500 acres total cropland}}{\text{400 acres of allotment}} = 80\%$$

80% x 100 acres in CR = 80 acres.

This method of computing the reduction protects the conservation farmer that has not planted from fence row to fence row and built up his base at the expense of depleting the soil.

We need this amendment to assure that a farmer who has enough land not currently in cropland can't bring that land into cropland and continue to plant as many acres of wheat or corn as he did before putting land in the conservation reserve. This just helps tie conservation and reduction of commodities together.

You should note that on page 45, item (1) starting with line 8, there is a provision to preserve cropland bases and allotment history unless the farmer agrees under contract to retire permanently such cropland base and allotment history. This will serve to protect a farmer's acreage base after his conservation reserve contract has expired.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 10, 1985

~~(Sub)~~ Committee: Full

met at 9:42 am o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, N.C.
Mr. Jones, Tenn.
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher

Mr. Tallon
Mr. Staggers
Mr. Evans, Ill.
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip A. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert L. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Robert A. Cashdollar, Subcommittee Staff Director
Susan Adkins, Minority Consultant
James W. Johnson, Staff Assistant
Charles Hilty, Minority Staff Assistant
William E. O'Conner, Jr., Assistant Minority Staff Director
Bernard Brenner, Press Secretary
Glenda L. Temple, Staff Assistant
Peggy L. Pecore, Clerk

Witnesses:

Present to respond to questions from Members:

Ms. Jean Harmann, Office of the Legislative Counsel

Mr. Douglas Bellis, Office of the Legislative Counsel

Ms. Kathleen Lawrence, Deputy Under Secretary for Community and Rural Development, Department of Agriculture

U.S. GOVERNMENT PRINTING OFFICE : 83—[illegible]

Wednesday, July 10, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

-- Without objection, agreed to Gunderson amendment to the English amendment prohibiting coordinated financial statement, which would give the Secretary discretion to ask for all data needed on applications for Farmers Home Administration loans.

-- By voice vote, agreed to the English amendment, as amended.

-- By voice vote, agreed to the English-Marlenee mineral rights as collateral amendment, to be refined to make clear that any payment for damages to the surface of property for which an agricultural loan is in place, would be part of the collateral securing a loan.

-- By voice vote, agreed to English use of proceeds from mineral sales or leases amendment, to be refined to make clear that proceeds from mineral sales or leases would be applied only to the loan principal if the mineral is a part of the collateral.

-- Without objection, agreed to Madigan unanimous consent request that the amendments previously agreed to would apply to actions which happened after enactment of the bill, and to the de la Garza instructions that this apply to the English amendment, if adopted.

-- By voice vote, agreed to Huckaby amendment to the English administration of farm real estate acquired by the Secretary amendment, which would direct the Secretary to not offer farmland for sale if it would have an adverse impact on the value of farmland within the area.

Chairman de la Garza called the meeting to order for the purpose of marking up Title XIII (Credit) of the Food Security Act of 1985.

Mr. Jones, Tennessee, Chairman of the Subcommittee on Conservation, Credit, and Rural Development briefly explained subcommittee consideration of this Title and asked that the language as reported to the full Committee be open for amendment at any point.

Mr. English offered an amendment to prohibit the use of the coordinated financial statement required to accompany applications for farmer loans from the Farmers Home Administration as required by FmHA regulations published in 1983, and to prohibit the use of any similar form. He explained the Office of Management and Budget had banned use of this statement at the present time. A copy of the amendment is attached.

After discussion about whether the amendment as drafted would allow the Secretary of Agriculture to collect essential information needed to make a judgment on loan applications, Mr. Gunderson suggested deleting "furnishing the same data" on lines 10 and 11, and inserting the word "substantially" between the words "format" and "similar" on line 11. Mr. Gunderson's amendment was agreed to without objection, and the English amendment, as amended, was agreed to by voice vote.

Mr. English offered an amendment (attached) on behalf of Mr. Marlenee and himself, which would insure that minerals located under property used as collateral for a Farmers Home Administration loan would not be considered part of the collateral unless they are included as part of the appraised value of the property. After discussion about surface damages during development of minerals on property used as collateral, the amendment was agreed to by voice vote, to be refined to make clear that payments for these damages would be part of the collateral securing the loan. See Minutes of the P.M. meeting, this date, for the refined amendment.

Mr. English offered an amendment (attached) regarding proceeds from mineral sales or leases. He explained the amendment would allow a borrower of a Farmers Home Administration loan to use proceeds from these sales or leases to make scheduled payments on the loan or to the principal. After discussion, the amendment was agreed to by voice vote, to be redrafted to state these proceeds could only be applied to the loan principal if the minerals were used as collateral.

Mr. English offered an amendment (attached) regarding farmland foreclosures. He explained his amendment would allow the Farmers Home Administration to lease the land only to the original owner.

After general discussion, Mr. Coleman offered the attached amendment in the nature of a substitute, which would direct the Secretary to develop a conservation plan to protect highly erodible land held in FmHA inventory, and to offer to lease inventoried property on a competitive bid basis.

Mr. Madigan asked that language be drafted to make the amendments previously agreed to on this date apply only to actions that occur after the enactment of the legislation. Without objection, staff was directed to make these technical changes. Chairman de la Garza also instructed staff to make these changes in the pending amendment, if adopted.

Wednesday, July 10, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Evans, Iowa, discussed an amendment he might offer to the Coleman amendment to direct the Secretary to keep foreclosed land in inventory until farmland prices are stabilized in areas identified under the criteria he would set out.

Mr. Huckaby offered an amendment on the same subject to the English amendment as follows:

> "The Secretary shall not offer real property which is farmland for sale if it will have a detrimental impact on the value of farmland within the area."

After discussion, Mr. Madigan offered an amendment (attached) to direct the Secretary to devote foreclosed land to conserving uses.

After parliamentary inquiries as to which amendments to the pending amendments should be disposed of first, the Chairman put the question on the Huckaby amendment to the English amendment, and it was agreed to by voice vote.

At 11:07, the Committee recessed to allow Members to respond to a vote on the House Floor.

At 12 noon, the Chairman announced the Committee would adjourn until 2:00 p.m., this date, and invited Members involved in the pending English and Coleman amendments to work with staff during the lunch hour to draft language to meet the concerns of the Members.

Peggy Pecore
Peggy Pecore

AMENDMENT TO TITLE XIII
Offered by Mr. English

After section 1310, insert the following section and renumber the succeeding sections accordingly:

"PROHIBITING COORDINATED FINANCIAL STATEMENT

"Sec. 1311.(a) The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the effective date of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-51317), or any other form or document furnishing the same data in a format similar to the coordinated financial statement.

(b) The provisions of subsection (a) shall become effective upon enactment."

AMENDMENT TO TITLE XIII

Offered by Mr. English

After section 1303, insert the following section and renumber the succeeding sections accordingly:

"MINERAL RIGHTS AS COLLATERAL

"Sec. 1304. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following new subsection:

'(d) Unless appraised values of the rights to oil, gas or other minerals are specifically included as part of the appraised value of property securing a farm ownership loan, the rights to oil, gas or other minerals located under the property shall not be considered part of the collateral securing the loan.'".

AMENDMENT TO TITLE XIII

Offered by Mr. English

After section 1306, insert the following section and renumber the succeeding sections accordingly:

"USE OF PROCEEDS FROM MINERAL SALES OR LEASES

"Sec. 1307. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by--

'(1) in subsection (d), striking out 'and' following the semicolon;

'(2) in subsection (e), striking out the period and inserting in lieu thereof '; and'; and

'(3) adding at the end thereof the following new subsection:

'(f) that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the proceeds from the sale or lease of oil, gas, or other minerals and the proceeds from royalties generated from leases of oil or gas located under the property securing the loan to make prospective scheduled payments on the loan.'".

AMENDMENT TO TITLE XIII
Offered by Mr. English

After section 1310, insert the following section and renumber the succeeding sections accordingly:

"ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

"Sec. 1311. Section 335(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(b)) is amended by--

"(1) inserting the designation '(1)' after the section number; and

"(2) adding after the newly designated paragraph (1) the following new paragraph:

"(2) Notwithstanding the provisions of paragraph (1) of this subsection, the Secretary may not operate or lease, for the production of agricultural commodities, real property that is farmland and that is administered under the provisions of this title, but shall ensure that such real property is devoted exclusively to conservation uses, except that the Secretary may lease such real property for the production of agricultural commodities to the person from whom the Secretary acquired it.'".

Amendment to H.R. 2100 Committee Print

(Book 2 of the text as reported by the subcommittee)

Offered by Mr. Coleman

Page 65, after line 18, insert the following new section and renumber succeeding sections:

"Sec. 1310. Section 335 of the Consolidated Farm and Redevelopment Act (7 U.S.C. 1921 et. seq.) is amended by adding at the end thereof the following new section:

(e) Notwithstanding any other provision of this section--

(1) the Secretary shall determine whether real property administered under this title and the Emergency Agricultural Credit Adjustment Act of 1978 is highly erodible cropland, in which case such land shall be devoted to such conservation uses that shall protect such acreage from weeds, water and wind erosion; and

(2) if the Secretary determines that it is in the public interest to enter into contracts to lease and operate real property administered under this title or the Emergency Agricultural Credit Adjustment Act of 1978, the Secretary shall offer to lease such land on a competitive bid basis giving priority in making awards to family farmers: Provided, That if the Secretary determines that it is in the public interest to enter into management contracts for the leasing and operation of such real property such contracts shall be offered on a competitive bid basis with preference given in the award of contracts, to the maximum extent practicable, to persons who will live, own and operate qualified small businesses in the area where the property is located."

substitute to the English
Madigan Amendment to the Coleman/Amendment

- insert at the end of the amendment after the word "located", the following:

"_Provided further_, That the Secretary shall to the maximum extent practicable make a determination not to operate or lease for the production of agricultural commodities real property that is held in inventory under this title and devote such land to conserving uses.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 10, 1985

(~~Sub~~) Committee: Full

met at 2:27 pm o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Jones, Tenn.
Mr. Brown
Mr. Rose
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon

Mr. Staggers
Mr. Evans, Ill.
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip A. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Robert A. Cashdollar, Subc. Staff Director
Susan Adkins, Minority Consultant
Fred Clark, Staff Assistant
Timothy J. Galvin, Subc. Staff Director
Gary R. Mitchell, Minority Consultant
Anita R. Brown, Staff Assistant
Courtney Pastrick, Staff Assistant
Steve Kerr, Minority Consultant
Carol A. Dubard, Staff Assistant
Charles Hilty, Minority Staff Director
William E. O'Conner, Jr., Assistant Min. Staff Director
Bernard Brenner, Press Secretary
Glenda L. Temple, Staff Assistant
Peggy Pecore, Clerk

Witnesses:

Present to respond to questions from Members:

Dr. Orville Bentley, Assistant Secretary for Science and Education, Department of Agriculture

Ms. Kathleen Lawrence, Deputy Under Secretary for Community and Rural Development

U.S. GOVERNMENT PRINTING OFFICE 83—[illegible]

Wednesday, July 10, 1985-P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--Without objection, agreed to Madigan unanimous consent request to withdraw his amendment to the Coleman farmland foreclosure amendment in the nature of a substitute.

--Without objection, agreed to Coleman unanimous consent request to withdraw his amendment.

--Without objection, agreed to Daschle unanimous consent request to withdraw his motion to limit debate on the farmland foreclosure amendment.

--Without objection, agreed to Evans, Iowa, request that for purposes of consideration, his amendment on the subject of sales of foreclosed farmland be added to paragraph 1 of the Coleman amendment No. 2 in the nature of a substitute to the English amendment.

--Without objection, agreed to Whitley motion to add the last paragraph of the Coleman substitute No. 2 to the English amendment.

--By voice vote, agreed to Evans, Iowa, above-listed amendment.

--By voice vote did not agree to Volkmer amendment to the English amendment, prohibiting leasing of foreclosed farmland for production of agricultural commodities on which any production control program is in effect, and requiring the land to be used for conservation purposes.

--By division vote of 17 yeas-8 nays, agreed to Bedell amendment to the Coleman substitute No. 2 to give the Secretary authority to lease foreclosed farmland to the previous operator regardless of the restrictions set out in items 1 - 3 of the substitute.

--By division vote of 23 yeas-4 nays, agreed to the Coleman substitute amendment No. 2, as amended.

--By voice vote, agreed to the English amendment, as amended by the Coleman substitute No. 2.

--Without objection, agreed to English sense of the House amendment urging Federal bank regulatory agencies to use restraint in examination-of-agricultural-loan procedures.

--By voice vote, agreed to Bedell amendment to authorize the FmHA to use Community Facility grants to help finance local share requirements in order to receive wastewater treatment facilities grants under the EPA Construction Grants Program.

Wednesday, July 10, 1985 - P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken - continued:

--By voice vote, agreed to English redrafted amendment on mineral rights as collateral.

--By voice vote, agreed to Stenholm amendment to require producers to subscribe to crop insurance as a condition of eligibility for adverse recourse commodity loans.

--By voice vote, agreed to Stenholm-Gunderson clear title for farm products amendment.

--By division vote of 3 yeas-26 nays, did not agree to Volkmer substitute for language of the Stenholm-Gunderson amendment as it appears in Title XIII.

--By voice vote did not agree to Glickman amendment to require that the provisions of the clear title amendment apply to all States.

--By voice vote, tentatively approved the language of Title III, as amended.

--Without objection, agreed to Hopkins unanimous consent request that the Committee Report contain language regarding the adverse effect the Administration's tax proposals would have on farmers.

--Without objection, agreed to Jeffords redrafted amendment regarding reduction of medium and small dairy farmer production.

--By voice vote, agreed to Coleman special grants for financially stresse or dislocated farmers amendment.

--By voice vote, agreed to Tallon human nutrition research amendment.

--By voice vote, agreed to Madigan amendment to include areas of taxation technology, and credit in the annual report on the Status of Family Farms.

--Without objection, agreed to de la Garza amendment to add alternative crops and to delete references to regions and imports in the Hopkins pilot project program to establish supplemental crops amendment.

--By voice vote, agreed to Hopkins amendment, as amended.

--Without objection, agreed to Madigan amendment to provide for the development of a research exchange program between the United States and Ireland.

Wednesday, July 10, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken - continued:

--By voice vote, agreed to Roberts amendment to provide for matching funds to share costs of certain Federal Extension Service programs.

--By voice vote, agreed to Roberts amendment to provide for a percentage of appropriations for administration of Competitive, Special, and Facilities Research Grants.

--Without objection, agreed to Coelho amendment to the Bedell study to integrated pest management amendment, to strike references to domestic cosmetic marketing standards for agricultural commodities.

--Without objection, agreed to Bedell unanimous consent request to withdraw his amendment, and to Brown motion to add language to the Committee Report in support of the study.

--By voice vote, agreed to Volkmer en bloc amendments to provide for coordination of transfer of new technologies to the farming community.

--Without objection, agreed to Brown amendment to the Staggers amendment to strike the subcommittee recommendation for a change in the formula for distribution of additional funds by the Cooperative Extension Service, to include language directing the Department to conduct a study of the funding formula and report to the Committee within one year.

--Without objection, agreed to Coelho amendment to clarify the definition of the work of the Cooperative Extension Services.

Chairman de la Graza called the meeting to order for the purpose of continuing marking up the language of Title XIII of H.R. 2100, as reported from the Subcommittee on Conservation, Credit, and Rural Development.

When the Chairman adjourned the morning session, this date, there were pending an English amendment, a Coleman substitute amendment and a Madigan amendment to the Coleman amendment on the subject of giving the Secretary direction on inventories of foreclosed farmland. Interested Members and staff had been instructed by the Chairman to draft a composite of the various amendments during the noon hour. See minutes of that meeting for the pending amendments.

Mr. Madigan asked unanimous consent to withdraw his amendment to the Coleman substitute, and there was no objection.

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Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Coleman asked unanimous consent to substitute the new draft for his substitute amendment #1; Mr. English objected, and Mr. Coleman, without objection, withdrew his substitute amendment and offered as an amendment the draft of language (attached) which had been written as a result of Member and staff discussions.

General discussion followed, during which Mr. Daschle moved to terminate debate on the pending amendments at 3:15 p.m. After hearing remarks against his motion, he withdrew it without objection.

Mr. Evans, Iowa, offered an amendment (attached) directing the Secretary to use certain criteria in the sale of foreclosed farmland, and asked that for purposes of consideration, it be added to paragraph 1 of the Coleman substitute No. 2. There was no objection.

Mr. Whitley offered the last paragraph of the Coleman substitute No. 2 as an amendment to the English amendment, and it was agreed to without objection.

After discussion, the Evans, Iowa, amendment was agreed to by voice vote.

Mr. Volkmer offered an unprinted amendment (to be drafted) to the Coleman substitute No. 2 regarding production of agricultural commodities on leased foreclosed farmland on which any acreage reduction program is in effect. After discussion, the amendment was not agreed to by voice vote.

Mr. Bedell offered the attached amendment to the Coleman substitute No. 2 to add an item (4) to give the Secretary authority to lease foreclosed farmland to the previous owner regarding the restrictions set out in items (1) through (3). After discussion, the amendment was agreed to by a division vote of 17 yeas-8 nays.

Chairman de la Garza put the question on the Coleman substitute, as amended, and by request of Mr. English, a division vote was taken. The amendment, as amended, was agreed to by a vote of 23 yeas-4 nays. The Chairman put the question on the English amendment, as amended by the Coleman substitute amendment No. 2, as amended, and it was agreed to by voice vote.

Mr. English offered an amendment (attached) expressing the sense of the House that Federal bank regulatory agencies use restraint in examination procedures of agricultural loans because of the present economic situation. After discussion, the amendment was agreed to without objection, and staff was instructed to insert the amendment in the proper place in Title XIII.

Wednesday, July 10, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Bedell offered the attached amendment to authorize the FmHA to use Community Facility grants to help satisfy local share requirements to receive a grant to construct wastewater treatment facilities under the EPA Construction Grants Program, and it was agreed to by voice vote.

Mr. English offered a new draft of his mineral rights as collateral amendment considered during the morning session, this date. The redrafted amendment is attached. After it had been presented, it was agreed to without objection.

Mr. Stenholm offered the attached amendment to require producers to subscribe to crop insurance as a condition of eligibility for adverse recourse commodity loans, and it was agreed to by voice vote.

Mr. Stenholm offered an amendment (attached) on behalf of Mr. Gunderson and himself, on the subject of clear title for farm products. General discussion followed after which the Chairman put the question on the amendment and it was agreed to by voice vote.

Mr. Volkmer offered an amendment as a substitute to language in the Committee Print on the subject of clear title for farm products, and it was not agreed to by a division vote of 3 yeas-26 nays.

Mr. Glickman offered an amendment (attached) to require the provision of section 1310 (protection of purchasers of farm products) be applied to all States unless and until the State overrides the provisions within three years. After brief discussion, the amendment was not agreed to by voice vote.

By voice vote, the Committee tentatively approved Title XIII, as amended.

Mr. Hopkins asked that the Committee Report contain language expressing the Committee's views on the adverse effect of the Administration's tax proposals on farmers, and the request was agreed to without objection.

Mr. Jeffords offered a new draft of his amendment to give preference to small dairy farmers in the event it is necessary for the Secretary to further reduce the reduction of milk production. See Minutes of July 9, 1985 afternoon session for the original amendment which had been withdrawn. After the amendment had been explained, it was agreed to without objection.

The Chairman informed the Committee that Title XIV (Research) was under consideration and open for amendment at any point.

Mr. Coleman offered the attached amendment to provide special grants to develop programs for financially stressed and dislocated farmers, and it was agreed to by voice vote.

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Full Committee
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Food Security Act of 1985

Mr. Tallon offered a new section to Title XIV to provide for human nutrition research (amendment attached), and it was agreed to by voice vote.

Mr. Madigan offered an amendment (attached) to require that the areas of taxation, agricultural technology, and credit be included in the annual report required to be submitted on the Status of Family Farms, and it was agreed to by voice vote.

Mr. Hopkins offered the attached amendment to provide for a pilot project program for the development of supplemental crops for producers whose crops indigenous to their region are experiencing declining demand, and to provide for an examination of the effect of certain imported commodities on producers. Chairman de la Garza offered an amendment to add alternate crops to the amendment and to strike language dealing with regions and imports. The de la Garza amendment was agreed to without objection; the Hopkins amendment, as amended, was agreed to by voice vote; and staff was instructed to make the proper changes.

Mr. Madigan offered an amendment (attached) to provide for the development of an exchange program on agricultural scientific and education information and other research areas between the United States and Ireland. After brief discussion, the amendment was agreed to without objection.

Mr. Roberts offered an amendment (attached) to authorize the Secretary to enter into cooperative agreements with organizations and individuals to share costs of certain Federal Extension Service programs, and the amendment was agreed to by voice vote.

Mr. Roberts offered a second amendment (attached) to set aside four per centum of funds appropriated for Competitive and Special Grants, for administration costs, and the amendment was agreed to by voice vote.

Mr. Bedell offered an amendment to provide for a study of integrated pest management systems and domestic cosmetic marketing standards for agricultural commodities. Mr. Coelho moved to strike references to domestic cosmetic marketing standards, and the motion was agreed to without objection.

After discusion, Mr. Bedell asked unanimous consent to withdraw the amendment and to enter language, as suggested by Mr. Brown, in the Committee Report in support of a study of integrated pest management. There was no objection.

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Business Meeting
H.R. 2100 and Committee Print of the
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Mr. Volkmer offered three amendments (attached) on the subject of coordination of transfer of new technologies to the farming community, and without objection, they were considered en bloc. After brief discussion, the amendments were agreed to by voice vote.

Mr. Staggers offered an amendment (attached) to strike language in the Print, which would modify the allocation formula for additional funds for the Cooperative Extension Service, and he circulated a paper (attached) showing the effect of the proposed change, by State. After discussion, Mr. Brown offered an amendment to add language requesting a study of the funding formula by the Department of Agriculture, to be completed within one year. Without objection, Mr.Brown's amendment was agreed to, and without objection, the Staggers amendment, as amended was agreed to.

Mr. Coelho offered an amendment (attached) to clarify the definition of the work of the Cooperative Extension Service, and it was agreed to without objection. objection.

At 6:05 p.m., Chairman de la Garza adjourned the meeting and announced the Committee wou'd reconvene at 7:30 p.m., this date, and meet while the House is in session.

Peggy Pecore
Peggy Pecore

AN AMENDMENT TO THE COMMITTEE PRINT OF HR 2100

OFFERED BY MR GLICKMAN

In Book II, Title XIII, the Committee print is amended by --

"1) on page 67, after line 11, adding the following new paragraph --

"(5) the term "mortgaged farm products" means farm products against which a lenders holds a security interest." and

"2) on page 68, after line 26, adding the following new subsection --

"(g) The provisions of Section 1310 of this Act shall apply to the sale of mortgaged farm products in any State unless and until the State, within three years of the effective date of this Section, adopts a provision of law overriding the provisions of this Section.".

STATE POSITIONS ON THE UCC FARM PRODUCTS EXCEPTION ISSUE

STATE	CURRENT POSITION SUMMARY
Alabama	no change
Alaska	no change
Arizona	no change
Arkansas	no change
California	A 1974 amendment deletes the limiting language "other than a person buying farm products from a person engaged in farming operations . . ."
Colorado	no change
Connecticut	no change
Delaware	Requires that purchaser (who is a buyer in the ordinary course of business and who is registered with the Secretary of State) receive written notice within one year prior to payment to the seller before he will be liable to the secured creditor. The Secretary of State is to establish central registry where buyers may register.
Florida	no change

Georgia	"Commission merchant" selling farm products for another in the ordinary course of business and without knowledge of the perfected security interest is not liable to holder of the security interest. (This was a provision of former nonuniform Georgia law which was incorporated into the state's UCC during the early 1970's.)
Hawaii	no change
Idaho	no change
Illinois	Deleted limiting language "other than a person buying farm products from a person engaged in farming operations. . ."; buyer in the ordinary course of business must receive written notice of security interest within five years prior to purchase of farm products to be liable to secured creditor. Notice must include warning of misdemeanor for purchase with knowledge of liens. Debtor to provide creditor with list of potential buyers.
Indiana	Deleted limiting language "other than a person buying farm products from a person engaged in farming operations. . .". Purchaser does not take free from a perfected security interest if he or she has received written notice of security interest before seller receives payment; Purchaser must write two party check including secured party.
Iowa	Buyer takes free of security interest in farm products purchased within seller's trade area county or contiguous county unless buyer receives written notice from lender regarding existence of lien. Buyer with notice must write two party check. Reduced five year statute of limitations to file suit to two years from date farm products are sold against the secured interest of the creditor; requires filing officer to respond to verbal requests regarding the existence of liens.
Kansas	Since 1967, the term "farm products" (for purposes of the farm products exception) does not include milk, cream or eggs. The office of the Secretary of State was recently designated

	the proper place to file to perfect a security interest in farm products (i.e. centralized filing).
Kentucky	Since 1962 tobacco purchaser not liable to lender when products purchased through duly licensed tobacco warehouse. Warehousemen not liable without prior written notice. Similar exclusions exist for grain purchased at a licensed facility and for livestock and registered horses sold at public auction.
Louisiana	To be liable to secured lender, owner or operator of a marketing agency must receive written notice from the lender prior to sale of farm products marketing agency with notice must write two party check including secured party; giving false information about owner of livestock or existence of security device could result in fines up to $5,000 and/or ten years in prison. (Louisiana has not adopted Article 9 of the Uniform Commerical Code.) 1965 amendment to farm products exception, however, expands coverage of exception to include purchasers of timber, logs or pulpwood from person engaged in timbering operations or from person dealing in timber, logs or pulpwood.
Maine	no change
Maryland	no change
Massachusetts	no change
Michigan	Unless notified of prior security interest by certified or registered mail, a grain dealer takes produce free of an earlier security interest if the seller delivers an affidavit or sworn statement claiming there are no prior interests in the produce. If the seller fails to provide affidavit or statement the buyer takes subject to the security interests for two years following the sale. A buyer of farm products in the ordinary course of business who is engaged in farming operations and who buys farm products for use in his or her own farming operations takes free of up to $15,000 worth of encumbered farm products per year unless the buyer has written notice of the lien.

Minnesota	Removed farm products exception. Buyer must register with state department of agriculture anually,(or send letter of intent to register to county clerk's office), and must renew registration every year. Lender identifies county (or counties) where borrower resides and sends a one time list to registered buyers to protect lender's security interest. Registered buyers without notice of lien take free of lender's security interest. Does not change language requiring local filing but removes need for dual filing when collateral is crops growing or to be grown.
Mississippi	Requires financing statements for farm products be filed in the office of the Secretary of State.
Missouri	no change
Montana	no change
Nebraska	Buyer must require seller to disclose liens on farm products to be purchased; two party check required; these new provisions expire Sept. 1, 1987 and will be re-evaluated. Original filings of security interests required with office of county clerk of county where debtor resides--county clerk to transmit information to Secretary of State. Secretary of State required to offer 24 hour service for inquiries into liens.
Nevada	Central filing system established with Secretary of State.
New Hampshire	no change
New Jersey	no change
New Mexico	no change

New York	no change
North Carolina	no change
North Dakota	Seller required to supply merchant purchasing farm products with certificate stating existence of security interest; purchaser required to make out two party check; required notice to contain warning of misdemeanor for false information; lender must make good faith effort to collect from borrower before seeking reimbursement from purchaser; merchant buyer is only protected from lien where he or she has followed the foregoing procedures, has checked for a financing statement, has no actual knowledge of a lien and maintains records to support a criminal action against seller; statute requires filing clerk to dispense information on security interests verbally, electronically, or in writing.
Ohio	Purchaser must receive written notice 18 months prior to paying for farm products; two party check required; secured party must consent to buyer if not on list of potential buyers provided by seller/borrower. Deleted requirement to file financing statement with Secretary of State.
Oklahoma	All farm products except livestock are removed from the "farm products exception". Seller required to provide merchant-purchaser (or commission merchant for seller) with a certificate stating whether or not a lien exists; two party check required.
Oregon	Optional filing with State Dept. of Agriculture added, however if security interests are not filed with the department, purchaser of cattle, horses or sheep is not liable to secured party. (This is not a change to the state's version of the Uniform Commercial Code but is a change to the statute concerning the State Dept. of Agriculture.)
Pennsylvania	no change
Rhode Island	no change
South Carolina	no change

South Dakota	An action against a livestock auction agency, public terminal grain warehouse, or a grain dealer must be brought within 24 months of the date products were sold. Anyone selling through a state licensed entity without informing said entity of security interests commits a Class I misdemeanor.
Tennessee	Deleted limiting language "other than a person buying farm products from a person engaged in farming operations. . ."; secured creditors lose the ability to seek reimbursement from good faith purchasers of farm products; purchaser not liable when livestock, tobacco crops, grain or soybeans are purchased through state or federally licensed entity. Creditor cannot take action against licensed entity without first exhausting legal action against debtor.
Texas	no change
Utah	no change
Vermont	no change
Virginia	Central filing system requirement limited to grain; makes State Corporation Commission one of the places to file to perfect a lien on grain products. Requirement to file where debtor lives or where land located.
Washington	no change
West Virginia	no change
Wisconsin	no change
Wyoming	no change

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100

offered by Mr. Jeffords

(Amendment is to book 1 of the text reported by subcommittees.)

Page 15, line 19, insert the following after the open quotation marks:

At the request of any small or medium sized producer, the Secretary may give preference to such producer in reducing the required reduction in milk marketings among all contracts made under the program forumatled under subparagraph (A) (iii).

EXPLANATION OF THE JEFFORDS AMENDMENT

In the event that dairymen, in the aggregate, ask to divert more milk than is necessary to balance the market, the legislation passed by the Committee authorizes the Secretary to limit the aggregate reduction that will be enrolled in a diversion program. He does so by reducing the amount of milk that each participant will be paid to divert (thereby leaving more milk on the market). The legislation lets the Secretary decide how he will modify producer contracts to achieve this limitation.

This amendment grants the Secretary the explicit option of allowing small and medium sized farmers to request that their contracts be modified (or not) differently than large producers. The intent is that, at the request of a small or medium sized producer, such a producer will not have his proposed reduction limited to the same extent as large producers. The amendment will therefore allow the Secretary to target the benefits of the diversion program to small and medium sized farmers.

Amendment to the Coleman Amendment

Offered by Mr. Evans of Iowa 4D

Strike the "and" after clause (1), insert "; and" after clause (2) and insert the following new clause (3) at the end of the amendment:

"(3) the Secretary shall not sell, nor offer for sale, farmland held in the inventory of the Farmers Home Administration in any State or in any portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980 until such time as such State, or portion of the State, experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12 month period, equals or exceeds the value of the farmland at the beginning of such period."

DRAFT

AMENDMENT TO TITLE XIII OF H.R. 2100

(As reported by the Subcommittee)

Offered by ____________________

On page 64 of Book 2, after line 4, insert the following new section and renumber the succeeding sections accordingly:

"ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

"SEC. 1308. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

'(1) The Secretary shall not offer for sale or sell any such real property if placing the property on the market will have a detrimental impact on the value of farmland in the area;

'(2) the Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers;

(b) The secretary shall have authority to lease the property to the previous operator regardless of the above restrictions, and priority in leasing shall be to the previous owner.

'(3) the Secretary shall, with respect to leasing and operating such real property--

'(A) not lease or operate the real property for the production of agricultural commodities that he has determined to be in surplus supply and shall devote such real estate to conserving uses;

'(B) with respect to any such real property that is highly erodible cropland, devote such land to conserving uses;

'(C) to the extent the Secretary may lease or operate such farmland under this subsection, offer to lease such land on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers, and, if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate, qualified small businesses in the area where such property is located.".

Notwithstanding any other provisions of law, compliance by the Secretary with the provisions of this subsection shall not cause any acreage allotment, marketing quota, or farm base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.

AMENDMENT TO TITLE XIII
Offered by Mr. English

After section 1310, insert the following section and renumber the succeeding sections accordingly:

"REGULATORY RESTRAINT

"Sec. 1311. Whereas high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

Whereas a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect upon farmers and the banking industry, and upon rural America in general: Now, therefore, be it

Resolved by the House of Representatives (the Senate Concurring), That it is the sense of Congress that the Federal bank regulatory agencies are requested and urged to ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continues to impair the ability of these borrowers to meet scheduled repayments on their loans."

AMENDMENT SUMMARY

AMENDMENT TO H.R. 2100

OFFERED BY MR. BEDELL OF IOWA

The Farmers Home Administration has proposed to amend its regulations regarding grants for Community Facility projects "to prohibit FmHA Water and Waste Disposal grant funds from being used to satisfy the local share requirements of other federal grant-in-aid programs." This proposal is targeted to low-income rural communities that use a Farmers Home grant to help finance the local share they are required to pay in order to receive a grant to construct wastewater treatment facilities under the EPA Construction Grants Program. These FmHA grant funds have been a critical source of financing used by low-income rural communities to qualify for an EPA sewage treatment construction grant.

EPA requires a 45% local match---an amount many low-income communities will be unable to realize without FmHA grant funding.

FmHA officials have stated that the proposal is being made in response to a Comptroller General's decision. It is their opinion that, as a result of this decision, grants cannot be used in these instances unless specific authorizing legislation language is enacted by Congress.

This amendment proposes that this specific authorizing language be offered.

BEDELL068

AMENDMENT TO H.R. 2100

(TO BOOK 2 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. BEDELL OF IOWA

Page 60, line 3, strike out the close quotation and the period which folows and insert after line 3 the following:

``(20) Notwithstanding any other provision of law, grants under paragraph (2) may be used to pay the local share requirements of another Federal grant-in-aid program.''.

Page 57, beginning in line 3, strike out ``new paragraphs'' and all that follows through ``follows'' in line 4 and insert in lieu thereof ``the following new paragraphs''.

AMENDMENT TO H.R. 2100

Offered by Mr. English

After section 1303, insert the following section and renumber the succeeding sections accordingly:

"MINERAL RIGHTS AS COLLATERAL

"SEC. 1304. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following new subsection:

'(d) Unless appraised values of the rights to oil, gas or other minerals are specifically included as part of the appraised value of property securing a farm ownership loan, the rights to oil, gas or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing, in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other ~~conciliation~~ compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.'".

AMENDMENT to TITLE XIII of H.R. 2100

(As Reported by the Subcommittee)

Offered by Mr. Stenholm

On page 56 of Book 2, on line 5, insert after "prescribe," the following:

", except that the Secretary shall require that producers shall subscribe to crop insurance as a condition of eligibility for such loans."

GROUPS SUPPORTING
H.R. 1591
CLEAR TITLE FOR FARM PRODUCTS

American Farm Bureau Federation
American Feed Industry Association
American Frozen Food Institute
American Meat Institute
American Soybean Association
Livestock Marketing Association
National Association of Meat Purveyors
National Association of State Departments of Agriculture
National Broiler Council
National Cattlemen's Association
National Commercial Financial Association
National Corn Growers Association
National Farmers Organization
National Farmers Union
National Grain & Feed Association
National Grange
National Live Stock Producers Association
National Peanut Growers Group
National Pork Producers Council
National Turkey Federation
National Wool Growers Association
Potato Chip/Snack Food Association
Texas Cattle Feeders Association
United Fresh Fruit & Vegetable Association
The Pillsbury Corporation

STENHOLM AMENDMENT TO COMMITTEE PRINT

Sections 1310 (d)(1)(A) and 1310 (e)(1)(A) are deleted and replaced by the following new (A):

"(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property including the jurisdiction where the property is located, and"

also,

After subsection (e) insert the following new subsections and delete the current subsection (f):

"(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has either (1) notified the secured party (in writing) of the identity of the buyer at least 7 days prior to the sale, or (2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale."

"(g) A person violating subsection (f) shall be fined not more than $5,000."

"(h) This section shall become effective thirty (30) days after enactment, except that security interests created prior to the effective date shall be exempt from the provisions of this section for a period of one year."

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100, OFFERED BY MR. VOLKMER

(Amendment is to Book 2 of the text reported by Subcommittees)

Strike all that appears from page 65, line 20 through the end of page 68, and insert in lieu thereof the following:

SEC. 1310 (a) The Congress finds that —

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the products, and has no reasonable means to assure that the seller uses the sales proceeds to repay the lender;

(2) these laws can subject buyers of farm products to double payment for the products, once at the time of purchase, and again if the seller fails to satisfy the debt secured by the farm products;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to commerce in farm products.

(b) The purpose of this Act is to remove such burden on and obstruction to commerce in farm products.

DEFINITIONS

SEC. 1311 For purposes of this Act —

(1) the term "buyer" in the ordinary course of business means a person who (A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products, and (B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products:

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk and eggs) that are in the possession of a person engaged in farming operations; and

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation.

PROTECTION OF BUYERS OF FARM PRODUCTS

SEC. 1312 Notwithstanding any other provision of Federal, State or local law —

(a) (1) A buyer in the ordinary course of business shall take farm products free of a security interest created by the seller of the products, even though the security interest is perfected, provided the buyer —

(A) (i) receives from the seller at the time of purchase a certificate stating the farm products are subject to a security interest, and; (ii) includes the name of any secured party identified by the certificate as joint payee on the check or other instrument issued in payment for the farm products, or;

(B) receives at the time of purchase, on a certificate supplied and retained by the buyer, a signed statement from the seller that there is no security interest in the farm products.

(2) A buyer in the ordinary course of business who fails to comply with the provisions of paragraph (1) shall take farm products subject to any perfected security interest in the products created by the seller.

(b) The certificate provided for in subsection (a)(1)(A) shall be issued by the creditor to a farmer/borrower each time a security interest is taken in farm products. The certificate shall identify the creditor, borrower and the farm products subject to the security interest and be in a form as prescribed by regulations to be promulgated by the Secretary of Agriculture.

(c) It is unlawful for a seller of farm products engaged in farm operations who is in the business of selling farm products (1) who has no right to sell or otherwise dispose of farm products subject to a security interest created by such seller, to sell or otherwise dispose of such products, or (2) who has the right to sell or otherwise dispose of such farm products only on the condition that the secured party receives the proceeds from such sale, to sell or otherwise dispose of the farm products or any part thereof and knowingly to fail to pay to the secured party the proceeds from the sale or other disposition.

(d) It is unlawful for any person knowingly to make a false statement in any certificate obtained by a buyer in the ordinary course of business under subsection (a)(1)(B).

(e) A person convicted of a violation of subsection (c) or subsection (d) shall, if the value of the farm products involved is $1,000 or more, be guilty of a felony and shall be fined not more than $10,000 or imprisoned for not more than five years, or both, or shall, if the value of the farm products is less than $1,000, be guilty of a misdemeanor and shall be fined not more than $5,000 or imprisoned for not more than one year or both.

(f) The certificates provided for in subsections (a)(1)(A) and (a)(1)(B) shall describe the criminal offenses set forth in subsections (c) and (d) and state the penalties provided for in subsection (e).

(g) A cause of action founded on a secured interest in farm products must be commenced within two years from the date the farm products are sold.

AMENDMENTS TO THE BANKRUPTCY CODE

SEC. 1313 Title 11 of the United States Code, Section 523(a) of the Bankruptcy Code is amended by adding the following new subsection:

(10) for the production of farm products (as defined in the Farm Products Buyers' Equity Act of 1985) where the farm products are sold in violation of a valid security agreement.

ADMINISTRATION

SEC. 1314 The Secretary of Agriculture shall, not later than 180 days after the date of enactment, issue final regulations implementing the provisions of this Act.

EFFECTIVE DATE

SEC. 1315 The provisions of this Act shall become effective one year after the regulations have been promulgated by the Secretary of Agriculture under Sec. 1314, but only with respect to security interests created after such effective date.

An Amendment offered by Mr. Tallon

Insert in Title XIV a new section, as follows:

Sec. ___(a)This Act may be cited as the Human Nutrition Research Act of 1985.

(b)Whereas, the Congress has found in P.L. 95-113, Title XIV, §1421, September 29, 1977, 91 Stat. 999 (7 U.S.C. §3171) that nutrition and health considerations are important to United States agriculture policy;

Whereas, the Department of Agriculture has been designated in Pub. L. 95-113, Title XIV, §1405, September 29, 1977, 91 Stat. 985, as amended by Pub. L. 97-98, Title XIV, §1405, December 22, 1982, 95 Stat. 1298 (7 U.S.C. §3121), as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of human nutrition concerned with diagnosis for treatment of disease;

Whereas, the Secretary of Agriculture has been required by P.L. 95-113, Title XIV, §1423, September 29, 1977, 91 Stat. 999 (7 U.S.C. 3173) to establish research into food and human nutrition as a separate and distinct mission of the Department of Agriculture;

Whereas, the Secretary has established a nutrition education program; and

Whereas, nutrition research continues to be of great importance to those involved in agricultural production,

The Secretary shall submit to the appropriate committees of Congress a comprehensive plan for implementing this national food and human nutrition research Program within one year after the enactment of this Act. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities and funding levels necessary to achieve the policy of this Act. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department.

(c)(1) The Secretary shall conduct an assessment of all existing research and literature with regard to dietary calcium and its importance as a nutrient. The Secretary shall consult with all agencies of the Federal government that are involved in research relating to calcium in conducting the assessment. Such assessment shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion. The study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health and maintenance of skeletal integrity as well as in the regulation of hypertension. The study shall be conducted under the supervision and coordination of the Department of Agriculture, with such assistance from other agencies of

government and private sector organizations as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of his findings under Subsections (1) and (2) of this section no later than one year after enactment of this Act. Such report shall contain a final report on the assessment of existing research and literature mandated in subsection (1) and a detailed protocol and plan for implementation of the study mandated under subsection (2). The report shall contain a budget estimate and timetable for conduct and completion of the study mandated in subsection (2).

Amendment to H.R. 2100
by
Mr. Madigan

On page 104, after line 24, insert the following new section:

"Sec. 1443. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by striking all after the word "how" in sub-paragraph (2), adding the following new language, and renumbering sub-paragraph (3) accordingly:

> "current federal income, excise, estate and other tax laws and proposed changes in such laws may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and pocessing technological developments especially in the area of bio-technology, and evaluation of the potential impacts of such developments upon (i) the economic structure of the family farm system, (ii) the competitive status of U.S. domestically produced agricultural commodities and foods in foreign markets, and (iii) the achievement of federal agricultural program objectives, (4) an assessment of the credit needs of family farms, the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, and" "

Explanation of Amendment

Section 102 of the Food and Agriculture Act of 1977 requires the Secretary of Agriculture to report to the Congress annually on the status of the family farm in this country. The original intent was to provide the Congress with some indication as to whether or not conglomerates and large corporations are making inroads on the family farm system. While this is good to know, there are also a couple of other areas where the family farm system may be affected even more substantially. One is the tax code, and another is agricultural technology—especially bio-technology. If we are to continue to require that these family farm reports be made to the Congress, then we should make them even more useful to us by providing a broader focus than just the threat of corporate agriculture.

Accordingly, this amendment would include the areas of taxation, technology and credit in these annual reports. Taxes and credit are already mentioned in Section 102, but in a very limited context—that is, only as they relate to the encouragement of corporate agriculture. This amendment would considerably broaden the analysis of taxation and credit and their effects on family farms. In addition, the inclusion of technological developments will help keep us all aware of what is happening in this rapidly changing area, and what the effects of these changes are likely to be on U.S. agriculture. This information could be useful to us in the formulation of agricultural policy and programs.

FARM OWNERSHIP

FOOD AND AGRICULTURE ACT OF 1977[1]

* * * * * * *

FAMILY FARMS

SEC. 102. (a)[2] Congress reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress believes that the maintenance of the family farm system of agriculture is essential to the social well being of the Nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of nonfamily owned large-scale corporate farming enterprises will be detrimental to the national welfare. It is neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for family farm operations, but it is the policy and the express intent of Congress that no such program be administered in a manner that will place the family farm operation at an unfair economic disadvantage.

(b) In order that Congress may be better informed regarding the status of the family farm system of agriculture in the United States, the Secretary of Agriculture shall submit to Congress, by July 1 of each year, a written report containing current information on trends in family farm operations and comprehensive national and State-by-State data on nonfamily farm operations in the United States. The Secretary shall also include in each such report (1) information on how existing agricultural and agriculture-related programs are being administered to enhance and strengthen the family farm system of agriculture in the United States, (2) an assessment of how tax, credit, and other Federal laws may encourage the growth of nonfamily farm operations and investment in agriculture by nonfamily farm interests, both foreign and domestic, and (3) such other information as the Secretary deems appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States. (7 U.S.C. 2266.)

*

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Hopkins

Page 98, after line 8, insert the following new section:

PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL CROPS

"Sec. 1473 C Notwithstanding any other provision of law effective beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental crops utilizing such funds as are appropriated to the Secretary each fiscal year under this subtitle. The development of supplemental crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall utilize such research funding, special or competitive grants or other means as the Secretary determines to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include (1) an examination of the adaptation of supplemental crops, especially those agricultural commodities imported in substantial amounts to the

United States and utilized as critical materials either in their raw form or as processed, to areas of the United States where crops indigenous to a region are experiencing declining demand, (2) the establishment and extension of various methods of planting, cultivating, harvesting and processing supplemental crops at pilot sites in areas stressed by crops experiencing declining demand, (3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable, (4) the establishment through grants, cooperative agreements or other means of such processing, storage and transportation facilities near such pilot sites for supplemental crops as the Secretary determines will facilitate the achievement of a successful pilot program, and (5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

Such pilot programs may include, but shall not be limited to agreements, grants and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others.

The Secretary is directed to utilize the expertise and resources of the Agricultural Research Service, the State Cooperative Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out the objectives of this section.

Conforming Amendments:

(1) page 96, line 21 is amended to read "sections 1473A, 1473B and 1473C".

(2) page 98, after line 6 insert "Sec. 1473C, Pilot Program and Technical Assistance to Establish Supplemental Crops".

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Madigan

Page 91, after line 22, insert the following new section --

"SEC. 1458 B. The Secretary shall undertake discussions with representatives of the government of the Republic of Ireland that may lead to an agreement that will provide for the development of a program between the United States and the Republic of Ireland whereby there may be a greater exchange of agricultural scientific and educational information, techniques and data; agricultural marketing information, techniques and data; agricultural farmer, student, teacher, agri-business (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research and the expansion of United States trade with the Republic of Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition and Forestry of the Senate to keep such committees apprised of the progress, accomplishments and such other information as the Secretary deems appropriate with regard to the program.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Roberts

Section 1440 is amended as follows:

(1) Page 101, line 25 strike "and";

(2) Page 103, line 4, strike the period and substitute "; and "; and

(3) Page 103, after line 4, insert the following:

"(3) adding the following new subsection:

"(f)(1) The Secretary is authorized to conduct educational, instructional, demonstration, and publication distribution programs as part of the Federal Extension Service and to enter into cooperative agreements with private non-profit and profit organizations and individuals to share the cost of such programs, through contributions from private sources as provided in this subsection.

(2) The Secretary is authorized to receive contributions under this subsection from private sources for the purposes described hereinabove and provide matching funds in an amount not greater than 50 per centum of such contributions.

(3) Notwithstanding any other provision of law, beginning with the fiscal year ending October 1, 1986 and for each fiscal year thereafter through the fiscal year ending October 1, 1991, up to 0.5 per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to carry out the matching fund provision of this subsection.

(4) The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate on the progress of such programs and make recommendations to such Committees how other private sector initiatives could be utilized by the Federal Extension Service."

Explanation of the Amendment:

--Provides authority for the Secretary of Agriculture to enter into agreements with private industry, profit and non-profit associations, etc. to establish uniform national training and education programs with the funding coming from matching grants.

Currently, individual states have the authority to enter into agreements with private industry and profit and non-profit associations to conduct training and education programs. However, if a uniform program is needed the industry has to go to each of the 50 states.

Programs that could be implemented:

1,) National Pesticide Education Program

2.) Sewing Education Program

3.) National Urban Gardening Program

4.) Occupational Safety Awareness program

AMENDMENT OFFERED BY MR. ROBERTS

COMPETITIVE AND SPECIAL GRANTS ADMINISTRATIVE COSTS

COMPARATIVE PRINT, BOOK 2, COLUMN 2:

Page 80, after line 7, insert the following:

(4) Section 2(b) of the Act of August 4, 1965, is amended by adding at the end thereof the following new sentence: "Four percentum of the appropriations shall be retained by the Secretary for the administration of the program."

(5) Section 2(c) of the Act of August 4, 1965, is amended by adding at the end thereof the following new sentence: "Four percentum of the appropriations shall be retained by the Secretary for the administration of the program."

RFW259

AMENDMENT OFFERED BY MR. Bedell TO H.R. 2100
(AS REFLECTED IN THE COMMITTEE PRINT ON TITLE XIV)

Title XIV is amended by inserting at the end thereof the following:

STUDY OF INTEGRATED PEST MANAGEMENT SYSTEMS AND STUDY OF DOMESTIC COSMETIC MARKETING STANDARDS FOR AGRICULTURAL COMMODITIES

SEC. 1443. (a)(1) The Secretary of Agriculture (hereinafter referred to as the ``Secretary'') shall, in cooperation with the Administrator of the Environmental Protection Agency (hereinafter referred to as the ``Administrator''), conduct a study of methods to facilitate the adoption and implementation of integrated pest management systems. The study shall include the following:

(A) The mechanisms, incentives, and procedures by which integrated pest management systems are adopted by producers for various crops.

(B) The costs and risks borne by producers in adopting and implementing integrated pest management systems.

(C) Potential criteria for programs which would be designed to facilitate the adoption or implementation of an integrated pest management system, and the effectiveness of such programs in increasing the rate and numbers of integrated pest management systems adopted by producers.

(D) The availability and qualifications of professional pest management specialists, in the public and private sectors, for providing independent, professional assistance to producers seeking to adopt and implement integrated pest management systems.

(2) In conducting the study authorized by this subsection, the Secretary is authorized (A) to create an expert committee, of which the membership shall include representatives of land grant universities and representatives of the Environmental Protection Agency, or (B) to contract with a public or nonprofit institution qualified by experience, expertise, and professional reputation to conduct such a study.

(b)(1) The Secretary and the Administrator shall jointly conduct a study of domestic cosmetic marketing standards for agricultural commodities and the use of pesticides employed to meet those standards. The study shall include the following:

(A) The extent to which domestic cosmetic marketing standards effect the quantities and types, of pesticides used on the commodities subject to those standards.

(B) The level of pesticide residues attributable to the use of pesticides as a result of domestic cosmetic marketing standards.

(2) The Secretary and the Administrator shall either (A) conduct the study authorized by this subsection or (B) contract with a public or nonprofit institution qualified by experience, expertise, and professional reputation to conduct the study.

(c) For purposes of this section, the term--

(1) ``integrated pest management'' shall have the same meaning as in section 20(a) of the Federal

Insecticide, Fungicide, and Rodenticide Act; and

(2) ``cosmetic marketing standard'' shall mean any Federal or State standard regulating the appearance of an agricultural commodity, including size, color, shape, blemish, russetting, insect bites or superficial marks; or the marks, presence, or remains of insects or insect parts or of fungi, mildews, or other pests or diseases; except that such characteristics shall be considered cosmetic only to the extent they do not adversely affect the wholesomeness or nutritional quality of the commodity nor materially reduce its ability to be shipped or stored.

(d) Not later than December 31, 1988--

(1) the Secretary shall transmit to the President and to each House of the Congress a report of the results of the study conducted under subsection (a); and

(2) the Secretary and the Administrator shall jointly transmit to the President and to each House of the Congress a report of the results of the study conducted under subsection (b).

Each report shall contain a detailed statement of findings and conclusions, together with recommendations for such legislation or administrative actions as may be appropriate.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the studies authorized in this section.

AMENDMENT TO H.R. 2100

OFFERED BY MR. VOLKMER

(Amendment is to book 2 of the text reported by subcommittees.)

Page 75, line 15, insert "(a)" after "Sec. 1405.".

Page 75, after line 18, insert the following new subsection:

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by--

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new subparagraph:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

VOLKME124

AMENDMENT TO H.R. 2100
OFFERED BY MR. VOLKMER

COMPARATIVE PRINT, BOOK 2, COLUMN 2:

Page 75, line 9, insert "(a)" after "SEC. 1404.".

Page 75, after line 12, insert the following new subsection:

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d) (2))is amended by:

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new subparagraph:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

VOLKME122

Amendment to H.R. 2100
Offered by Mr. Volkmer

(Amendment is to Comparative Print, Book 2, Column 2:)

Page 75, after line 7, insert the following new section (and redesignate references and succeeding sections accordingly):

COORDINATION OF JOINT EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research Extension and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by --

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new paragraph:

"(12) coordinate the joint efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions, in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small and moderate-sized farms in gaining information about these technologies."

AMENDMENT OFFERED BY MR. STAGGERS

Comparative print, book two, column:

Page 101, strike section 1440, line 21 through page 103, line 4.

EFFECT OF PROPOSED CHANGE IN FORMULA FUNDING FOR COOPERATIVE EXTENSION SERVICE

State	Total Federal Funds Allocated to Cooperative Extension in FY 1985	If an additional $1 million were distributed according to: Current Formula[a]	Proposed Formula[b]	Difference	% Change
Alabama	$10,342,998	$19,271	$15,569	$-3,702	-19
Alaska	1,228,719	4,452	4,150	-302	-7
American Samoa	738,053	3,666	3,902	236	+6
Arizona	2,563,212	7,201	8,307	1,106	+15
Arkansas	7,615,265	17,782	17,878	96	+1
California	10,059,223	28,470	45,052	16,582	+58
Colorado	3,397,781	11,039	13,856	2,817	+26
Connecticut	2,343,025	8,147	6,310	-1,837	-23
Delaware	1,618,317	5,288	5,466	178	+3
Florida	7,158,966	17,159	17,830	671	+4
Georgia	11,031,277	24,676	20,298	-4,378	-18
Guam	800,724	3,907	3,942	35	+1
Hawaii	1,424,187	4,619	5,289	670	+15
Idaho	2,728,223	10,921	12,482	1,561	+14
Illinois	10,993,527	36,334	44,896	8,062	+22
Indiana	8,838,795	34,626	35,049	423	+1
Iowa	8,915,576	37,621	50,335	12,714	+34
Kansas	5,778,605	20,190	26,212	6,022	+30
Kentucky	10,954,940	31,436	29,257	-2,179	-7
Louisiana	8,005,109	15,817	12,867	-2,950	-19
Maine	2,397,714	8,168	6,181	-1,987	-24
Maryland	4,666,211	11,783	10,771	-1,012	-9
Massachusetts	3,484,245	10,025	7,722	-2,303	-23
Michigan	9,604,546	32,654	26,237	-6,417	-20
Micronesia	303,158	4,231	4,218	-13	0
Minnesota	8,608,871	33,407	39,739	6,332	+19
Mississippi	9,421,606	17,625	14,875	-2,750	-16
Missouri	10,532,721	32,515	34,847	2,332	+7

		If an additional $1 million were distributed according to:			
State	Total Federal Funds Allocated to Cooperative Extension in FY 1985	Current Formula[a]	Proposed Formula[b]	Difference	% Change
Montana	$2,625,984	$9,789	$10,962	$1,173	+12
Nebraska	5,036,967	19,243	26,745	7,502	+39
Nevada	1,268,063	4,609	4,973	364	+8
New Hampshire	1,661,954	6,722	4,991	-1,731	-26
New Jersey	3,755,584	9,879	9,453	-426	-4
New Mexico	2,464,549	7,145	7,412	267	+4
New York	11,154,651	28,894	25,292	-3,602	-12
North Carolina	15,022,688	35,590	27,067	-8,523	-24
North Dakota	3,375,755	12,646	16,120	3,474	+27
Ohio	11,223,025	40,090	36,225	-3,865	-10
Oklahoma	6,838,508	18,551	19,726	1,175	+6
Oregon	3,813,847	14,119	13,562	-557	-4
Pennsylvania	11,444,742	37,229	25,827	-11,402	-31
Puerto Rico	7,578,065	13,062	8,941	-4,121	-32
Rhode Island	1,208,786	4,344	4,454	110	+3
South Carolina	7,688,457	16,174	11,201	-4,973	-31
South Dakota	3,441,285	13,409	16,893	3,414	+25
Tennessee	11,112,132	26,883	23,013	-3,870	-14
Texas	18,082,177	40,017	44,284	4,267	+11
Utah	1,931,999	6,177	6,729	552	+9
Vermont	1,760,858	6,856	6,080	-776	-11
Virgin Islands	783,336	3,870	3,933	63	+2
Virginia	9,447,486	22,641	17,669	-4,972	-22
Washington	4,530,995	15,946	15,757	-189	-1
West Virginia	4,634,058	13,299	7,477	-5,822	-44
Wisconsin	8,667,669	33,304	35,204	1,900	+6
Wyoming	1,616,097	5,912	6,472	560	+9
Total	$329,995,440	960,000	960,000		
Federal Administration		40,000	40,000		
		$1,000,000	$1,000,000		

a. Current Formula: 20%: equally
40%: farm population
40%: rural population

b. Proposed Formula: 20%: equally
45%: farm population
10%: total population
15%: cash farm receipts
10%: special projects (For the purposes of this table it was assumed that these funds were evenly distributed among all States.)

This was suggested in the DORFA hearings in June 1984.

COELHO047

Amendment to Comparative Print of H.R. 2100
Offered by Mr. Coelho

(Amendment is to book 2 of the text reported by subcommittees.)

Page 101, line 22, strike out ``SEC. 1440.'' and insert in lieu thereof ``(b)''.

Page 101, after line 21, insert the following:

SEC. 1440. (a) Section 2 of the Act of May 8, 1914 (7 U.S.C. 342), is amended--

(1) by inserting ``development of practical applications of research knowledge and'' after ``consist of the''; and

(2) by inserting ``of improved practices or technologies'' after ``practical demonstrations''.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 10, 1985

(~~Sub~~) Committee: Full

met at 7:35 pm o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Jones, Tenn.
Mr. Bedell
Mr. Glickman
Mr. Whitley
Mr. Stenholm
Mr. Olin
Mr. Penny
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Lewis
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.
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Mr.
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Mr.
Mr.

Staff Present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Christobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Timothy J. Galvin, Subc. Staff Director
Gary R. Mitchell, Minority Consultant
Anita R. Brown, Staff Assistant
Robert J. Fersh, Subc. Staff Director
Lynn Gallagher, Minority Consultant
Debbie Dawson, Staff Assistant
William E. O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Glenda L. Temple, Staff Assistant
Peggy L. Pecore, Clerk

2

Witnesses:

Present to respond to questions from Members:

Dr. Orville Bentley, Assistant Secretary for Science and Education, Department of Agriculture

U.S. GOVERNMENT PRINTING OFFICE 83--12836-1pm

Wednesday, July 10, 1985 - Evening
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--Without objection, agreed to de la Garza amendment to specify that funding authorization for Competitive and Special Grants be used solely for research programs.

--Without objection, agreed to de la Garza aquaculture assistance amendment.

--By voice vote, tentatively agreed to Title XIV, as amended.

Chairman de la Garza called the meeting to order and offered an amendment (attached) to make clear that funding authorized for Competitive and Special Grants be used solely for research programs; not for buildings and facilities. Without objection, the amendment was agreed to.

Chairman de la Garza offered the attached amendment to provide assistance for aquaculture, and it was agreed to without objection.

By voice vote, Title XIV, as amended, was tentatively approved.

Mr. Panetta, Chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, summarized subcommittee consideration of Title XV (Food Stamps and Related Provisons), Title XVI (Temporary Emergency Food Assistance Act amendments and other Commodity Distribution Provisions), Title XVII (Food, Nutrition, and Consumer Education), and Title XVIII (Nutrition Monitoring). Mr. Emerson, Ranking Minority Member of the subcommittee, was recognized to discuss some amendments he planned to offer.

The Committee adjourned at 7:55 p.m., to reconvene at 9:30 a.m. on Thursday, July 11, 1985, to consider amendments to the above-listed Titles.

Peggy Pecore
Peggy Pecore

MR. DE LA GARZA

Title XIV - National Agricultural Research, Extension, and Teaching Policy Act

Explanation of Amendments offered by Mr. de la Garza en bloc:

1. Competitive and Special Grants - This amendment makes clear that the funding authorized by Section 2 (b) of the Act of August 4, 1965 for Competitive and Special Grants shall be used solely for research programs and not for the planning, repair, acquisition or construction of buildings or facilities.

2. Aquaculture Assistance - This amendment provides that any entity receiving assistance under Section 1475 (b) of the National Agricultural Research, Extension and Teaching Policy Act of 1977 may meet up to 50% of its match in-kind. The amendment also provides that funds authorized under this section may be used for the acquisition or rehabilitation of existing buildings or facilities or new construction to house aquaculture centers but limits the authorization for new buildings or facilities to not more than $250,000. Additionally, the amendment deletes unclear language in the law relating to the authorization of appropriations.

Amendment No. 1

AMENDMENT OFFERED BY MR. DE LA GARZA

COMPETITIVE AND SPECIAL GRANTS

COMPARATIVE PRINT, BOOK 2, COLUMN 2:

Page 78, line 13, section 1409, insert "(a)" after "Sec. 1409."

Page 79, line 21, at the end of paragraph (2) of section 1409, strike out "and."

Page 79, line 14, and page 80, line 1, redesignate paragraphs (2) and (3) of section 1409 as paragraphs (3) and (5), respectively.

Page 79, after paragraph (1) of section 1409, after line 13, insert the following new paragraph:

(2) in subsection (b), after the fourth sentence, insert the following:

> "No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

Page 79, after paragraph (3) of section 1409, as so redesignated by this amendment, insert the following new paragraph:

(4) in subsection (c), at the end thereof, add the following: "No grant may be made under this subsection for any prupose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility."; and

Page 80, at the end of section 1409, add the following new subsection:

"(b) The amendments made by paragraphs (2) and (4) of subsection (a) shall take effect on the date of the enactment of this Act or October 1, 1985, whichever occurs later."

Amendment No. 2

AMENDMENT OFFERED BY MR. DE LA GARZA

AQUACULTURE ASSISTANCE

COMPARATIVE PRINT, BOOK 2, COLUMN 2:

Page 98, strike out lines 20 through 24 and insert in lieu thereof the following:

"(4) non-profit private research institutions;";

(D) in the last sentence of subsection (b), after "matching grant," inserting "(of which amount an in-kind contribution may not exceed 50 percent)";

(2) in the first sentence of subsection (d), striking out "State agencies" add all that follows through "universities," and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)" as amended; and

(3) amending the last sentence of subsection (d) to read as follows:

> "Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition or construction of any single building or facility."

(4) Page 99, line 7, after "Sec. 1433" insert "(a)" 22 and

(5) Page 99, after line 11, insert the following:

(b) Section 1477(b) of the Agricultural Research, Extension, and Teaching Policy Act of 1977 (U.S.C. 3324(b)) is amended by striking out the first sentence.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 11, 1985

~~(Sub)~~ Committee: Full

Meeting: Business - A.M.

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 9:45 a.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (N.C.)
Mr. Jones (Tenn.)
Mr. Rose
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho

Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith (Oreg)
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Members Also Present
Mr. Bereuter

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Anita R. Brown, Staff Assistant
Debbie Dawson, Staff Assistant
Robert J. Fersh, Subcommittee Staff Director
Lynn Gallagher, Minority Consultant
William E. O'Conner, Jr., Assistant Minority Staff Director
Peggy L. Pecore, Hearing Clerk
Glenda Temple, Staff Assistant

Witnesses:

The following were present to respond to Member's questions:

1. Mr. John Bode, Acting Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture
2. Mr. Joe Richardson, Congressional Research Service
3. Ms. Jean Harmann, Office of the Legislative Counsel
4. Ms. Julie Isaacs, Congressional Budget Office
5. Mr. Charles Seagrove, Congressional Budget Office

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—64773—100

Thursday, July 11, 1985
Full Committee
Business Meeting - A.M.
Food Security Act of 1985
H.R. 2100 and Committee Print

Action Taken

-- By roll call vote of 16 yeas-27 nays Emerson amendment providing for optional nutrition assistance grant program not agreed to.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act of 1985. Pending at the conclusion of the previous meeting were food stamp and nutrition related items. Title XV, Food Stamps, was open for amendment at any point.

Mr. Emerson offered the attached amendment providing for an optional nutrition assistance grant program. He explained the provisions of the amendment and discussion occurred. By a show of hands vote of 7 yeas-17 nays the amendment was not agreed to. Mr. Emerson requested a recorded vote and the clerk was directed to call the roll. The vote follows:

YEAS

1. Mr. Coleman
2. Mr. Emerson
3. Mr. Morrison
4. Mr. Gunderson
5. Mr. Lewis
6. Mr. Combest
7. Mr. Schuette
8. Mr. Madigan, proxy to Mr. Emerson
9. Mr. Marlenee, proxy to Mr. Emerson
10. Mr. Stangeland, proxy to Mr. Emerson
11. Mr. Roberts, proxy to Mr. Emerson
12. Mr. Chappie, proxy to Mr. Emerson
13. Mr. Hopkins
14. Mr. Franklin
15. Mr. Evans (Iowa), proxy to Mr. Emerson
16. Mr. Smith, proxy to Mr. Emerson

NAYS

1. Mr. Jones (Tenn.)
2. Mr. Bedell
3. Mr. Panetta
4. Mr. Glickman
5. Mr. Whitley
6. Mr. Daschle
7. Mr. Stenholm
8. Mr. Volkmer
9. Mr. Hatcher
10. Mr. Tallon
11. Mr. Staggers
12. Mr. Thomas
13. Mr. Olin
14. Mr. Penny
15. Mr. Stallings
16. Mr. Bruce
17. Mr. Jeffords
18. Mr. Foley, proxy to Mr. de la Garza
19. Mr. Jones (N.C.), proxy to Mr. de la Garza
20. Mr. Brown, proxy to Mr. de la Garza
21. Mr. Rose
22. Mr. Weaver, proxy to Mr. de la Garz
23. Mr. English
24. Mr. Huckaby, proxy to Mr. Panetta
25. Mr. Coelho, proxy to Mr. de la Garz
26. Mr. Evans (Ill.), proxy to Mr. Panetta
27. Mr. de la Garza

Thursday, July 11, 1985
Full Committee
Business Meeting - A.M.
Food Security Act of 1985
H.R. 2100 and Committee Print

Thus, by a roll call vote of 16 yeas-27 nays the Emerson amendment was not agreed to. (See minutes of afternoon session for Emerson unanimous consent request to cast the proxies of Mr. Evans (Iowa) and Mr. Smith.)

Mr. Emerson offered the attached amendment which would delete provisions of the bill that affect the budget. Discussion occurred on the amendment.

During the proceedings one recess was taken at 10:55 a.m. to enable Members to respond to recorded votes on the House floor. At 12:10 p.m. the meeting was adjourned to reconvene at 2:00 p.m. this date for further consideration of the pending Emerson amendment.

Peggy L. Pecore

Peggy L. Pecore

AMENDMENT TO H.R. 2100 COMMITTEE PRINT (TO BOOK 2 OF THE TEXT AS REPORTED BY THE SUBCOMMITTEE)

OFFERED BY MR. EMERSON

Page 140, after line 10, insert the following new section (and redesignate references and succeeding sections accordingly):

OPTIONAL NUTRITION ASSISTANCE GRANT PROGRAM

SEC. 1527 The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end thereof the following new section:

``NUTRITION ASSISTANCE GRANTS

``SEC. 21. (a) A State may, subject to the provisions of this section, elect to operate a low-income noncash nutrition assistance program in lieu of the food stamp program established under this Act. Any State which elects to operate a low-income nutrition assistance program under this section or which elects to resume operation of the food stamp program shall give preliminary notice of such election to the Secretary by April 1 of the fiscal year preceding the fiscal year in which it wishes such election to take effect or at such later time as the Secretary deems feasible.

``(b)(1) The amount of the grant each State shall be eligible to receive under this section in any fiscal year shall be equal to the sum of--

``(A) the total dollar value of all benefits issued under the food stamp program or under this section, as the case may be, by the State agency during the fiscal year preceding the fiscal year for which the grant is made, adjusted to reflect changes in food at home component of the Consumer Price Index for all Urban Consumers published by the Bureau of Labor Statistics, unemployment data for the State, and such other factors as the Secretary deems appropriate; and

``(B) 50 per centum of the administrative costs, as determined by the Secretary using procedures comparable to the procedures used to determine administrative costs for purposes of section 16(a), related to the provision of such assistance.

``(2) If the Secretary approves the plan submitted by a State under subsection (c), the Secretary shall--

``(A) pay to the State at such times and in such manner as the Secretary may determine, the amount to which the State is eligible under subsection (b)(1); or

``(B) at the request of the State, make available to the State agency, in accordance with section 7, coupons which shall be redeemable in accordance with section 10, or any combination of coupons or cash, having an aggregate value equal to such amount.

``(3) At the request of the State agency, the Secretary shall redetermine the total dollar value determined under paragraph (1)(A), to ensure that there is an accurate determination under such paragraph.

``(c)(1) To be eligible to receive a grant under this section for a fiscal year, each State shall have a plan submitted at such time and in such form as prescribed by the Secretary and approved by the Secretary. Such plan shall--

``(A) designate a single State agency responsible for the administration of the nutrition assistance program under this section;

``(B) assess the food and nutrition needs of needy persons residing in the State;

``(C) describe the assistance to be provided and the persons to whom such assistance will be provided;

``(D) comply with all the program requirements prescribed by the Secretary for the purpose of assuring that assistance is provided to the most needy persons in the State and that such program provides to applicants for assistance adequate notice and fair hearings comparable to those required under section 11 of this Act;

``(E) provide that, in the operation of the nutrition assistance program, there shall be no discrimination on the basis of race, sex, religious creed, national origin, or political beliefs; and

``(F) include other information as may be required by the Secretary.

``(2) The State shall make such plan available for public inspection and comment before submitting such plan to the Secretary.

``(d) Payments made under this section to the State may be expended only in the fiscal year for which such payments are distributed or in the following fiscal year.

``(e) The State agency shall keep records concerning the operation of each program carried out under this section and shall make such records available to the Secretary and the Comptroller General of the United States for examination, and for removal and copying.

``(f) If the Secretary finds that there is substantial failure by a State to comply with the requirements of this section, regulations issued pursuant to this section, or the plan approved under subsection (c), then the Secretary may take one or more of the following actions:

``(1) terminate all or part of such payments or coupons authorized by subsection (b)(2) to be made available to such State, until the Secretary is satisfied that there is no longer failure to comply with such requirements;

``(2) withhold all or part of such payments or coupons until the Secretary is satisfied that there is no longer failure to comply with such requirements, at which time the withheld payments may be paid;

``(3) refer the matter to the Attorney General of the United States and request that the Attorney General bring an action for injunctive relief to compel compliance with such requirements; and

``(4) refer the matter to the Attorney General and request that the Attorney General bring an action to recover any payments or coupons made available to such State which were not expended or distributed in accordance with such requirements.

``(g)(1) States which receive grants under this section shall provide for--

``(A) a biennial audit, conducted in accordance with the standards of the Comptroller General, of expenditures coupons distributions for the provision of assistance under this section; and

``(B) not later than 120 days of the end of each fiscal year in which an audit is conducted, a report to the Secretary containing the findings of such audit.

States shall make the report of such audit available for public inspection.

``(2) Not later than 120 days after the end of each fiscal year, each such State shall prepare an activities report comparing actual expenditures and coupon distributions for such fiscal year for assistance under this section with the expenditures and coupon distributions for such fiscal year predicted in the plan submitted in accordance with subsection (c)(1) of this section. Such State shall make the activities report available for public inspection.

``(h) Whoever knowingly and wilfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than $10,000 or imprisoned for not more than five years, or both, but if the value of the funds, assets, or property involved is not over $200, the penalty shall be a fine of not more than $1,000 or imprisonment for not more than one year, or both.''.

(b) Section 2 of the Food Stamp Act of 1977 (7 U.S.C. 2011) is amended by striking out ``a food stamp program is'', and inserting in lieu thereof ``nutrition assistance programs are.''.

(c) Section 3(n) of the Food Stamp Act of 1977 (7 U.S.C. 2012(n)) is amended by inserting before the period at the end thereof ``or nutrition assistance program under section 21 of this Act.''.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Emerson

THRIFTY FOOD PLAN

On page 107, line 10 strike "--"; line 11 strike "(1)"; line 12 strike "," and insert in lieu thereof "."; and strike all of line 13 and the text that follows through page 108, line 9.

DEDUCTIONS FROM INCOME

On page 113, strike Section 108 and insert in lieu thereof the following new section:

"Sec. 108. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014e) is amended by --

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) amending the fourth sentence by, effective October 1, 1985, inserting "excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.)," immediately after "by a household for shelter" in clause (2); and

(3) in the last sentence inserting ", excluding expenses paid on behalf of the household under the Low Income Energy Assistance Act (42 U.S.C. 8621, et seq.)," after "by a household for shelter"."

RESOURCES LIMITATION

On page 118, strike Section 1512 and renumber subsequent sections accordingly.

PUBLIC INFORMATION

On page 131, strike Section 1519 and renumber subsequent sections accordingly.

PUERTO RICO BLOCK GRANT

On page 138, line 20 strike subsection (1) and renumber subsequent subsections accordingly.

FUNDING FOR DISTRIBUTION COSTS

On page 145, strike section 1605 and renumber subsequent sections accordingly.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 11, 1985

(~~Sub~~)Committee: Full

met at 2:34 pm o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Jones, Tenn.
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon

Mr. Staggers
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Robert Fersh, Subcommittee Staff Director
Lynn Gallagher, Minority Consultant
Debbie Dawson, Staff Assistant
Anita Brown, Staff Assistant
Joan Rose, Staff Consultant
Heidi Pender, Staff Assistant
Richard Kirchhoff, Minority Consultant
Bernard Brenner, Press Secretary
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk
Jim Davis, Staff Assistant

Witnesses:

From the Office of Legislative Counsel to respond to questions:

Ms. Jean Harmann, Counsel

From the Administration:

Mr. John Bode, Acting Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture

Mr. Jim Hanley, Administrator, Agricultural Marketing Service, U.S. Department of Agriculture

From the Library of Congress:

Mr. Joe Richardson, Congressional Research Service

From the Congressional Budget Office:

Mr. Charles Seagrove

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Thursday, July 11, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--By voice vote agreed to Stenholm amendment to the Emerson amendment, which would restore $50 million for the Temporary Emergency Food Assistance Program.

--By a rollcall vote of 21 yeas-22 nays, did not agree to the Emerson amendment which would reduct the budget for several food assistance programs.

--By voice vote, agreed to the Schuette-Madigan-Emerson-Panetta amendment to encourage food stamp program participants to utilize EFNEP.

--By voice vote did not agree to Coleman amendment to eliminate the cash assistance program for Puerto Rico.

--Without objection, agreed to Panetta amendment to the Emerson amendment regarding displacement or substitutes of agricultural produce available for food stamp program participants, to allow the Secretary to retain discretion over the Temporary Emergency Food Assistance Program.

--By voice vote, agreed to the Emerson amendment, as amended.

--By voice vote agreed to Jeffords error sanctions amendment.

--By voice vote agreed to Bedell amendment to allow food stamp program participants to offset the loss of one venture against the gain of another to reflect an accurate household income.

--Without objection, agreed to Bedell request to withdraw his amendment which would allow small businessmen to deduct their payments on capital gains as an allowable expense.

--Without objection, agreed to Madigan technical amendment to the Stallings Food Stamp Program Information and Simplified Application at Social Security Administration Offices amendment, to specify that the Social Security Administration would not process applications for food stamps.

--Without objection, agreed to the Madigan amendment to the Stallings amendment, to specify that administrative expenses would not be borne by the Social Security Administration.

--Without objection, agreed to the Gunderson amendment, as refined by Chairman de la Garza, to the Stallings amendment, to direct the Department of Agriculture to report to the Committee on Agriculture in six months on the administration of the Stallings amendment.

--By voice vote, agreed to the Stallings amendment, as amended.

Thursday, July 11, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken - continued:

--Without objection, agreed to Glickman suggested Committee Report language on the subject of requiring States to better secure their computer systems.

--By voice vote, agreed to Jeffords amendment to allow food stamp households with one member age 60 or over to have $3,500 in liquid assets.

--By voice vote, did not agree to Jeffords on-the-job-training amendment.

--Without objection, Jeffords youth eligibility amendment withdrawn.

--Without objection, agreed to Jeffords Report language concerning medical deductions.

--Without objection, agreed to Emerson amendment to the Jeffords "good cause" criteria for reviewing States' food stamp sanction waiver requests, to delete reference to standard utility allowances.

--Without objection, agreed to the Jeffords amendment, as amended.

--Without objection, agreed to Emerson request to have staff refine Panetta Report language on the subject of Monthly Reporting and Retrospective Budgeting, to include the words "if cost effective."

--Without objection, agreed to Panetta suggested Report language, as amended, to clarify several areas of the food assistance provisions.

--Without objection, agreed to Panetta amendment to increase the penalty fine limit for criminal violations under marketing orders.

--By voice vote, agreed to the Morrison-Gunderson en bloc amendments to limit authority to terminate marketing orders.

--Without objection, tentatively agreed to Titles XV, XVI, XVII, and XVIII, as amended.

--By voice vote agreed to Hatcher en bloc technical amendments to Title VII (Peanuts)

--Without objection, agreed to Stenholm Report language regarding quota peanuts.

--By voice vote, tentatively agreed to Title VII, as amended.

Thursday, July 11, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Chairman de la Garza called the meeting to order and announced that the pending business was the Emerson amendment which would delete provisions of the bill that increase food stamp benefits. See Minutes of this morning's meeting for the amendment.

Mr. Stenholm was recognized to offer an amendment (attached) to the Emerson amendment, to restore $50 million for the Temporary Emergency Food Assistance Program, and discussion followed. The amendment was agreed to by voice vote.

General discussion occurred. The Chairman put the question on the Emerson amendment, as amended, and it was not agreed to by voice vote. Mr. Emerson requested a record vote, and without objection, the clerk was instructed to call the roll. The vote follows:

YEAS

1. Mr. Stenholm
2. Mr. Thomas
3. Mr. Olin
4. Mr. Penny
5. Mr. Madigan
6. Mr. Coleman
7. Mr. Stangeland
8. Mr. Roberts
9. Mr. Emerson
10. Mr. Morrison
11. Mr. Gunderson
12. Mr. Evans, Iowa
13. Mr. Lewis
14. Mr. Combest
15. Mr. Schuette
16. Mr. English
17. Mr. Marlenee (proxy to Mr. Madigan)
18. Mr. Hopkins
19. Mr. Chappie (proxy to Mr. Madigan)
20. Mr. Franklin
21. Mr. Smith

NAYS

1. Mr. Jones, Tenn.
2. Mr. Bedell
3. Mr. Panetta
4. Mr. Glickman
5. Mr. Whitley
6. Mr. Daschle
7. Mr. Volkmer
8. Mr. Tallon
9. Mr. Staggers
10. Mr. Stallings
11. Mr. Jeffords
12. Mr. Foley (proxy to Mr. de la Garza)
13. Mr. Jones, N.C. (proxy to Mr. de la Garza)
14. Mr. Brown (proxy to Mr. de la Garza)
15. Mr. Rose
16. Mr. Weaver (proxy to Mr. de la Garza)
17. Mr. Huckaby
18. Mr. Coelho (proxy to Mr. de la Garza)
19. Mr. Evans, Ill. (proxy to Mr. Panetta)
20. Mr. Bruce
21. Mr. de la Garza
22. Mr. Hatcher (proxy to Mr. de la Garza)

By a vote of 21 yeas-22 nays, the Emerson amendment was not agreed to.

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Mr. Schuette was recognized to offer the attached amendment on behalf of Messrs. Madigan, Emerson, Panetta, and himself to encourage food stamp program participants to utilize the Expanded Food and Nutrition Education Program. After brief discussion, the amendment was agreed to by voice vote.

Mr. Coleman offered an amendment (attached) to eliminate the cash assistance program for Puerto Rico. After discussion about the operation of the program, the amendment was not agreed to by voice vote.

Mr. Emerson offered an amendment (attached) to direct the Secretary to not substitute commodities available for donation which would displace produce otherwise available in the market. After discussion, Mr. Panetta moved to restore discretion of the Secretary in the amendment, and it was agreed to without objection. The question was taken on the amendment, as amended, and it was agreed to by voice vote.

Mr. Jeffords offered an amendment (attached) which would not penalize States money-wise for errors made as a result of relying on Federal Government-provided information; the errors would still appear in the State's error rates reports. After brief discussion, the amendment was agreed to by voice vote.

Mr. Bedell offered the attached amendment to allow food stamp program participants to offset the loss from one venture against the gain of another to more likely reflect an accurate household income. After brief discussion, the amendment was agreed to by voice vote.

Mr. Bedell offered a second amendment (attached) to allow small businessmen to deduct their payments on capital gains as an allowable expense. Discussion occurred on the projected costs of the amendment, for which there were none, and Mr. Bedell asked unanimous consent to withdraw the amendment, with his rights protected to offer it at a future meeting. There was no objection.

Mr. Stallings offered an amendment (attached) to clarify and enforce existing laws requiring the Social Security Administration offices to provide food stamp information and to require application assistance to recipients and applicants of supplemental security income. The amendment would also require the Secretaries of Agriculture and Health and Human Services to revise the existing memorandum of understanding to reflect revisions made by his amendment.

Considerable discussion occurred, after which Mr. Madigan asked unanimous consent to add language to specify that the Social Security Administration would not process applications for food stamps, and it was agreed to without objection.

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After more discussion, Mr. Madigan asked for unanimous consent that the staff be instructed to add language to the amendment to the effect that any additional administrative expense incurred as a result of the amendment would not be borne by the Social Security Administration. There was no objection.

Mr. Gunderson offered an unwritten amendment to add language instructing the Department of Agriculture to report to the proper subcommittee on the progress in implementing food stamp application assistance and on the costs involved. Chairman de la Garza asked that the report be made to the full Committee on Agriculture, and the Gunderson amendment, as amended, was agreed to without objection.

The Stallings amendment, as amended, was agreed to by voice vote.

Mr. Glickman asked that language be included in the Committee Report to give the Department of Agriculture authority to require State food stamp offices to better secure their computer systems, and there was no objection.

Mr. Jeffords offered an amendment (attached) to allow food stamp households with one member age 60 or over to have $3,500 in liquid assets, and it was agreed to by voice vote.

Mr. Jeffords offered the attached amendment to allow food stamp participants who are in a job-training program to retain their benefits for the first six months. After brief discussion, the amendment was not agreed to by voice vote.

Mr. Jeffords offered a fourth amendment (attached) to exclude income eligibility requirements for six months for all youths under the age of 21 who are participating in a job-training program. After discussion, Mr. Jeffords asked unanimous consent to withdraw the amendment to possibly be redrafted and offered on the House Floor. There was no objection.

Report language (attached) offered by Mr. Jeffords to clarify the intent of the Committee that the formula change in determining allowable medical expenses would not reduce medical reductions, was agreed to without objection.

Mr. Jeffords offered report language (attached) to disallow penalties to States which are making a conscious effort to bring the food stamp program under control. Mr. Emerson moved to strike references to utility allowances, and his motion was agreed to without objection. Without objection, the Jeffords report language, as amended, was agreed to.

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Mr. Panetta offered Report language (attached) on several areas of the food assistance provisions: (1) Low Income Energy Assistance Program and Standard Utility Allowances; (2) Monthly Reporting and Retrospective Budgeting; and (3) Computerization. Mr. Emerson asked that the words "if cost effective" be added to item (2), and there was no objection. Without objection, the Panetta Report language was agreed to.

Mr. Emerson asked that the proxies of Mr. Evans, Iowa, and Mr. Smith be voted "yea" on the Emerson block grant amendment which was rejected at the morning meeting, this date. There was no objection; the votes were recorded; and the final outcome was 16 yeas-27 nays.

Mr. Morrison offered an amendment (attached) and asked that an amendment by Mr. Gunderson, who was not present, be incorporated. There was no objection. The Morrison amendment would strike authority of the Secretary to terminate marketing oders without a majority of the industry in accord. The Gunderson amendment would add language to protect a commodity for which there is no Federal price support program established. After discussion, the Morrison-Gunderson amendments were agreed to by voice vote.

Mr. Panetta offered an amendment (attached) which would increase the fine limit for criminal violations of marketing order agreements; from $500 to $5,000. After brief discussion, during which Mr. Panetta informed the Committee that his subcommittee would hold hearings on this subject, the amendment was agreed to by voice vote.

Without objection, Titles XI, XVI, XVII and XVIII were tentatively agreed to.

Mr. Rose, Chairman of the Subcommittee on Tobacco and Peanuts, discussed subcommittee consideration of Title VII (Peanuts).

Mr. Hatcher offered three technical and clarifying amendments en bloc to express the intent of the sponsors of the legislation. The amendments are attached. The question was taken on the amendments and they were agreed to by voice vote.

Members and Department of Agriculture officials responded to questions from Mr. Smith about the costs of the Peanut Program.

Mr. Stenholm asked that the Committee Report contain language regarding additional-quota peanuts being incorporated in quota peanuts, and it was agreed to without objection.

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By voice vote, Title VII was tentatively agreed to.

The Chairman adjourned the meeting at 4:55 p.m., and announced the Committee would meet again at 2:00 p.m. on Tuesday, July 16, 1985, to continue marking up the 1985 farm bill.

Peggy Pecore

Peggy Pecore

Amendment to H.R. 2100 Committee Print

(Book 2 of the text as reported by the subcommittee)

Offered by Mr. Schuette, Mr. Madigan, Mr. Emerson and Mr. Panetta

On page 132, line 3 insert the following new section, and renumber subsequent sections accordingly:

"SEC. 1521. Subsection (f) of Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2011 note) is amended by adding at the end thereof the following:

'State agencies shall encourage food stamp program participants to utilize the expanded food and nutrition education program (EFNEP) conducted under section 3(d) of the Act of May 8, 1914 (38 Stat. 373, as amended; 7 U.S.C. 343(d)). Upon the request of EFNEP, State agencies shall wherever practicable allow the placement of EFNEP personnel and information materials in food stamp offices.'"

Amendment to the Emerson Amendment

Offered by Mr. Stenholm

Page 2 of the amendment is amended by striking lines 27 through 30.

AMENDMENT TO H.R. 2100 COMMITTEE PRINT (TO BOOK 2 OF THE TEXT AS REPORTED BY THE SUBCOMMITTEE)

OFFERED BY MR. COLEMAN

On page 139, strike line 4.

On page 139, line 5, strike "(3)" and insert in lieu thereof "(2)".

Renumber subsequent subsections accordingly.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Emerson

Page 145, after line 13, insert the following new section and redesignate subsequent sections:

"SEC. 1605. Section 203 C of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c, note) is amended in subsection (a) by striking out the last sentence and inserting in lieu thereof:

> "The Secretary shall not make commodities available for donation in any quantity or manner that the Secretary determines may substitute for the same or any other agricultural produce that would otherwise be purchased in the market. The Secretary shall submit to the Congress each year a report as to whether and to what extent such displacements or substitutions are occurring."

JEFFOR209

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. JEFFORDS

(Amendment is to book 2 of the text reported by subcommittees.)

Page 133, line 18, insert ``and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency'' after ``subsection''.

This amendment would require that sanctions, resulting from errors in food stamp processing, resulting from erroneous information obtained by a state from a federal automated information exchange system such as BENDEX, be waived. This amendment impacts on sanction amounts only. States would be required to correctly process the information in question to receive the waiver. A state's error rate would continue to include these errors.

SUMMARY OF BEDELL AMENDMENT TO H.R. 2100
WITH REGARD TO FOOD STAMPS (2)

There is currently no offset of losses against gains in the food stamp program. This has been a serious problem for many self-employed persons attempting to qualify for food stamps. In the case of the farmer, it is not unusual to be involved in different types of self-employment enterprises. The farmer may be raising crops and also be in a partnership with his father or brother in a cattle raising operation. If the farmer has a gain on his crops and a loss on his cattle, the food stamp program does not deduct the loss from the gain. The loss, in effect, is ignored and the gain is used to calculate the farmer's income for eligibility purposes.

Similarly, if a household member works outside of the home and the farm operation shows a net loss, the food stamp program would focus only on the gain from this outside income and not take into consideration the net farm loss. Certainly determining income in such a manner does not accurately reflect the household's actual income.

This amendment would allow the food stamp program to offset the loss from one venture against the gain of another. This practice would be much more likely to reflect an accurate household income.

BEDELL073

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. BEDELL
(AMENDMENT IS TO BOOK 2 OF THE TEXT REPORTED BY SUBCOMMITTEES)

Page 113, after line 12, insert the following new paragraph (and redesignate references and succeeding paragraphs accordingly):

(3) effective October 1, 1985, inserting after the third sentence the following: ``Households that have income from self-employment shall be allowed a prorated deduction for the amount of any net loss incurred from self-employment in the year ending on the date income is computed under this section.'';

SUMMARY OF BEDELL AMENDMENT TO H.R. 2100 WITH REGARD TO FOOD STAMPS (1)

The current food stamp regulations calculate food stamp eligibility in such a way as to disqualify many needy self-employed persons, specifically farmers. Indeed, the final figure used in the eligibility determination does not take into account a major drain on a self-employed household's financial situation---payments the farmers or other self-employed persons make on loans to keep his/her business alive.

There is case after documented case which demonstrates the seriousness of this situation. This amendment would allow small businesses (including farmers) to deduct their payments on capital goods as an allowable expense. The purpose of this amendment is to ensure that the figure used in determining food stamp eligibility accurately reflects a household's financial situation, rather than using a figure which assumes a higher level of income than is actually available to the household.

The only option now available to such households is to enter voluntary foreclosure proceedings so that they might then qualify for food stamps. If the payments on capital goods would be considered an allowable expense, it is much more likely that such households could continue their operations and their attempts to generate the income needed to feed their families, while at the same time receiving temporary relief through food stamps.

This amendment is targeted towards smaller farm operations and small businesses. Only those households involved in enterprises that are defined as small business operations by the Small Business Administration will will be eligible to participate in this deduction.

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100

OFFERED BY MR. BEDELL

(AMENDMENT IS TO BOOK 2 OF THE TEXT REPORTED BY SUBCOMMITTEES)

Page 113, after line 12, insert the following new paragraph (and redesignate references and succeeding paragraphs accordingly):

(3) effective October 1, 1985, inserting after the third sentence the following: "Households with gross self-employment receipts (before expenses) less than the Small Business Administration definition of a farm that will qualify as a small business shall be allowed a deduction for payments made by any member of such household on the amount of any business debt incurred before the effective date of this sentence to acquire a capital good (including real estate) used to produce household income from self-employment.";

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. STALLINGS

On page 143, line 12, following Section 1527, insert the following new section:

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC.1528 (a) Section 11(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by--

(1) inserting "applicants for or" after "members are",

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application at the social security office to participate in such program", and

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020 (j)) is amended to read as follows:

(1)"Any individual who is an applicant for or recipient of social security benefits shall (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) be informed of the availability of benefits under the food stamp program and be assisted in making a simple application at the social security office to participate in such program."

(2)"The Secretary of Agriculture and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that applicants for and recipients of social security benefits are adequately notified in social security offices of assistance that may be available to them under this Act and that applications for assistance under this Act from such applicants or recipients will be processed in such offices in an efficient and timely manner."

AMENDMENT TO TITLE XV OF H.R. 2100

(As reported by the Subcommittee)

Offered by Mr. Jeffords

On page 118, strike out line 24 and all that follows through line 2 on page 119 and insert in lieu thereof the following:

"(1) effective October 1, 1986, in the first sentence, striking out '$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000.' and inserting in lieu thereof '$2,250, or, in the case of a household having a member age 60 or over, if its resources exceed $3,500.'".

This amendment would correct an inequity in the way food stamp eligibility is currently determined. Statistics show that a high proportion of elderly persons living alone are low-income widows. Eligibility for food stamps for these single person elderly households is determined based on a lower asset limitation level than that for households of two or more with at least one elderly member. My amendment would change this to allow food stamp households with one member age 60 or over to have $3,500 in liquid resources starting in fiscal year 1987. H.R. 2100 allows a household of two or more persons, one of whom is age 60 or over, to have $3,500 in liquid resources. Thus, this amendment would give elderly persons living alone the benefit of the "elderly" asset limitation level.

C.B.O. Cost Estimate:(in millions)

FY86	$0
FY87	$8
FY88	$17

AMENDMENT TO THE TITLE XV OF H.R. 2100
(As reported by the Subcommittee)
OFFERED BY THE HON. JAMES M. JEFFORDS

On page 10, line 3, after "on-the-job training programs", insert, ",for more than six months,".

J6

AMENDMENT TO THE TITLE XV OF H.R. 2100
(As reported by the Subcommittee)
OFFERED BY THE HON. JAMES M. JEFFORDS

Page 113, line 2, insert before the period the following; ", except when such individual is a youth as defined in section 203(c)(1) of the Job Training Partnership Act participating in such program for a period not to exceed six months".

Report Language Concerning Medical Deductions for Food Stamp Purposes

In section 1509 (a) 5, the bill lowers the threshold used in determining allowable medical deductions in order to increase the degree to which medical expenses of the elderly and disabled are taken into account.

This change will be most beneficial to low-income seniors whose monthly medical expenses exceed 5 percent of their income but fall below the current $35 threshold. However, seniors and their advocates are concerned that this formula change will be accompanied by a reduction in allowable medical deductions. This is not the intent of the Committee.

The Committee expects that medical expenses listed in existing regulations, i.e. dental, physical therapy and other medical services which are frequently used by the elderly and disabled, will continue to be included as allowable medical expenses. The Committee's position does not preclude any future additions to the medical deduction list.

Report Language Clarifying "Good Cause" Criteria for Reviewing States' Food Stamp Sanction Waiver Requests

Offered by Mr. Jeffords

In longstanding regulatory language it is clearly stated that when a State is found to be liable for a portion of its payment error rate, FNS may determine that the State had good cause for not achieving its payment error rate goal. Waivers are based on several criteria, including, "changes in the food stamp or other Federal or State programs that have a substantial adverse impact upon management of the State's Food Stamp program." Clearly, errors due to implementation of a sophisticated computer system under a federally mandated timetable, or misunderstandings over policy changes pertaining to standard utility allowances fall in this category.

It has been brought to the Committee's attention that problems have arisen within the Food Stamp Quality Control System because "good cause" language has been interpreted too narrowly. The Committee urges the Department to take a close look at the possibility of waiving sanctions in unusual cases like those identified above.

Legislative History on Food Stamp Provisions

Mr. Chairman:

There are several areas of the food assistance provisions that are in need of clarification. I request that the thrust of the following points be reflected in the Committee Report:

1. Low Income Energy Assistance Program (LIHEAP) and Standard Utility Allowances - The provisions adopted make clear that to the extent a household's utility costs are paid by LIHEAP vendor payments, they cannot be considered in determining the household's eligibility for the excess shelter cost deduction. However, if a household has out of pocket utility expenses not covered by the vendor payment, those expenses can be counted toward the excess shelter care deduction.

   The key point I want to make is that these households, those with out-of-pocket expenses, can qualify for a State's standard utility allowance. The policies of the Food and Nutrition Service as to the use of standard utility allowances that were in effect prior to several recent adverse court decisions are to be reinstated. As a matter of administrative convenience, it is important that the use of a standard utility allowance be permitted so long as it bears some relation to the utility costs of food stamp recipients.

2. Monthly Reporting and Retrospective Budgeting (MRRB) - The Subcommittee adopted an amendment by Representative Emerson to limit the households to whom mandatory MRRB can be applied to households with earnings or recent work history. My understanding is that this amendment is not intended to reverse any waivers from MRRB that States may have received for earners and households with a recent work history.

3. Computerization - I want to clarify here that the model food stamp computerization plan that the Secretary must develop should not be the sole criterion for approving or disapproving applications by States for enhanced matching funds for automated data processing systems. States can still propose worthwhile changes in computer systems that fall short of the model plan and qualify for 75% matching funding.

   Furthermore, I want to clarify that the Secretary's ability to mandate computerization under the provisions in this bill is a limited one. It is not intended that he could mandate the use of the model computerization plan in any State.

Amendment to Title X of H.R. 2100

(as reported by the Subcommittee)

Offered by Mr. Panetta

On page 247 of Book 1, after line 17, insert the following new sections:

SECTION 1049. AMENDMENT TO AGRICULTURAL ADJUSTMENT ACT.

Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608C(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

SEC. 1050. APPLICATION OF AMENDMENT.

The amendment made by section 1049 shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act, occurring before the date of enactment of this Act.

MORRIW018

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. MORRISON OF WASHINGTON

(Amendment is to book 1 of the text reported by subcommittees.)

Page 267, after line 10, insert the following:

Subtitle D--Marketing Orders

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

SEC. 1060. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended--

(1) in subparagraph (A)--

(A) by striking out ``The Secretary'' and inserting in lieu thereof ``(i) Except as provided in clause (ii), the Secretary''; and

(B) by adding at the end thereof the following new clause:

``(ii) The Secretary may not terminate any order issued under this section unless and until the Secretary finds that such termination is favored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to such termination only in the manner specified in subparagraph (B).''; and

(2) in subparagraph (C) by striking out ``The termination'' and inserting in lieu thereof ``Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination''.

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

AMENDMENT OFFERED BY MR. GUNDERSON
TO THE AMENDMENT OF MR. MORRISON OF WASHINGTON

PAGE 1, LINE 14, insert the following after "section":

"for a commodity for which there is no Federal program established to support the price of such commodity".

AMENDMENTS TO TITLE VII OF H.R. 2100

(As reported by the Subcommittee)

Offered by Mr. Hatcher

1. On page 176--

    (A) strike out lines 11 through 14:

    (B) on line 16, strike out "(iv)" and insert in lieu thereof "(iii)";

    (C) after line 23, insert the following new paragraph:

    > "(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to assure the handler's compliance with the obligation to export peanuts,"; and

    (D) renumber the following paragraphs of the subsection accordingly.

2. On page 183--

    (A) on line 22 insert "and" after "loan,";

    (B) on line 23, strike out "and for additional peanuts" and all that follows through "Adjustment Act of 1938," on line 1 of page 184.

3. (A) On page 184, on line 25, strike out "to".

    (B) On page 185--

    (i) on line 1, strike out "any producer"; and

    (ii) on line 3, strike out "by the producer".

The amendments that I am offering en bloc are technical and clarifying in nature. The purpose is to insure that the measure we adopt here accurately expresses the intent by the sponsors of the legislation.

The first amendment deals with requirements that are imposed on handlers of additional peanuts. The bill permits handlers, under rather stringent conditions, to carry out their operations without the actual physical supervision by a representative of the Secretary or the area association. It provides that the Secretary may impose, as a condition to such supervision-free operation, that the handler submit adequate financial guarantees and evidence of adequate facilities and assets to assure the handler's compliance with program obligations. The amendment does two things. It makes this provision mandatory and it makes the change applicable to all handlers of additional peanuts, rather than restricting it to those who are free of physical supervision. The change is agreeable to the handlers, and it furnishes further assurance that the integrity of the program will be protected.

The second amendment removes an anomaly that is found in the current law and would be continued by the bill as adopted by the subcommittee. The statute currently requires a separate pool for "additional peanuts produced without a contract between the handler and a producer as described in section 359(q) of the Agricultural Adjustment Act of 1938." Since the statute also requires a pool for additional peanuts placed under loan, the Department of Agriculture has found that there is no such pool as escribed above. Such pool has never been maintained and it is now clear that the statutory provision in question is meaningless. My second amendment would simply strike it out.

My third amendment relates to the handling of the proceeds of the sale of peanuts in the loan pools. The bill provides that proceeds from the sale of additional peanuts that otherwise would be available for distribution to producers must be applied to any loss by the Commodity Credit Corporation on pools of quota peanuts. The bill, as adopted by the subcommittee, refers, in this regard, to the distribution "to any producer" that would be reduced to the extent of loss by the Commodity Credit Corporation on peanuts placed under loan "by the producer." Since the clear intent of the provision is that Commodity Credit Corporation losses on quota peanuts in a pool would be offset to the extent of gains on additional peanuts in a pool, the references here to an individual producer are erroneous. My third amendment would simply strike out these references.

I have offered these amendments en blanc because they are meant to clarify and not to change the thrust of the bill reported by the subcommittee.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 16, 1985

~~(Sub)~~ Committee: Full

Meeting: Business Meeting

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 2:20 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Jones (N.C.)
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle

Mr. Stenholm
Mr. Volkmer
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Jim Davis, Staff Assistant
Howard Conley, Staff Economist
Peggy Pecore, Hearing Clerk
Glenda Temple, Staff Assistant

Tim Galvin, Subcommittee Staff Director
Anita Brown, Staff Assistant
Charles Hilty, Minority Staff Director
Carol Dubard, Staff Assistant
Gary Mitchell, Minority Consultant
William E. O'Conner, Assistant Minority Staff Director

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Action Taken:

-- By voice vote English amendment providing for action in cases where competitors are subsidized agreed to with report language also included.

-- Without objection further amendments to section postponed.

-- Without objection Jones (N.C.) amendment on cargo preference withdrawn without prejudice to be offered at a later date.

-- Without objection Coelho amendment on dairy exports to Panetta amendment on humanitarian aid agreed to.

-- By voice vote Panetta amendment, as amended, adopted.

-- By show of hands vote of 8 yeas-7 nays Evans (Iowa) substitute amendment to Huckaby amendment on Food for Progress approved.

-- Without objection vote vacated on Huckaby amendment, as amended, and new Huckaby language (Gilman proposal) on Food for Progress adopted.

-- By voice vote Bedell policy statement amendment approved.

-- By voice vote Bedell amendment extending Export Credit Revolving Fund adopted.

-- By voice vote Weaver subsidy report amendment not agreed to.

-- Without objection Evans (Iowa) amendment on quality of grain shipped for export withdrawn for later consideration.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act of 1985. Prior to consideration of amendments, the Chairman introduced Mr. Paul Davey, a Member of Parliament of Australia, and the distinguished visitor was greeted by the Committee.

Mr. Bedell, Chairman of the Subcommittee on Department Operations, Research, and Foreign Agriculture, was recognized to explain the trade section (Title XI) of the legislation. General discussion occurred.

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Mr. English offered the attached amendment which would require the Secretary to act with either funds or commodities to respond in cases where U.S. competitors are subsidized. Discussion occurred. By a voice vote the amendment was agreed to. Staff was directed to work with Mr. English and other interested Members to draft report language to clarify the intent of the English proposal.

Without objection further amendments to the section were postponed and the rights of Members to offer amendments at a later time were protected.

Mr. Jones (N.C.) offered the attached amendment with supporting charts to delete all language referring to cargo preference. He stated if the language were left in the bill he would, as Chairman of the House Committee on Merchant Marine and Fisheries, request sequential referral of the farm bill since he felt the Merchant Marine and Fisheries Committee had always had jurisdiction over cargo preference laws. Lengthy discussion followed and without objection the amendment was withdrawn without prejudice until a later date to see if a compromise could be worked out.

Mr. Panetta offered the attached amendment to clarify section 416(b) of the Agricultural Act of 1949, as reported by the Subcommittee. The proposal concerned alleviation of starvation and malnutrition by disposing of stored CCC stocks for humanitarian relief. A complete summary of the proposed amendment is also attached. Discussion occurred.

Mr. Coelho offered the attached amendment to the Panetta amendment. The Coelho amendment would place the figure for exports of dairy stocks available from the CCC to 150,000 metric tons. Discussion occurred and without objection the Coelho amendment was adopted. The Panetta amendment, as amended, was then approved by a voice vote.

Mr. Huckaby offered the attached amendment entitled "Food for Progress" which would enable the U.S. to enter into multi-year contracts to provide food aid for developing countries outside of current P.L. 480 programs. Discussion occurred.

Mr. Evans (Iowa) offered the attached amendment as a substitute to the Huckaby amendment. The Evans proposal would put the Food for Progress proposal within the Public Law 480 program rather than establish a new program under the Commodity Credit Corporation. Discussion continued. By a show of hands vote of 8 yeas-7 nays the Evans substitute amendment was approved.

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Mr. Huckaby asked that the vote on his amendment, as amended, be vacated so that he could offer the language in the Foreign Affairs Committee bill as proposed by Mr. Gilman. A copy of the Gilman language is attached. Discussion continued and without objection the Huckaby proposal was adopted, and staff was directed to include the Gilman language in the markup vehicle.

The Chairman advised that he and staff would explore the situation with the Foreign Affairs Committee to make sure any jurisdictional problems could be worked out.

Mr. Bedell offered the attached amendment which had been requested by the Export Trade Commission to make a policy statement that quantities provided would be no less than necessary to assure that the items are exported at competitive prices. Discussion occurred and by a voice vote the proposal was agreed to.

Mr. Bedell offered an amendment to extend the Export Credit Revolving Fund (amendment and explanation attached). Discussion occurred and by a voice vote the Bedell proposal was approved.

Mr. Weaver offered the attached amendment requiring an annual subsidy report from the Secretary to the Congress. Discussion occurred and by a voice vote the proposal was not adopted.

Mr. Evans (Iowa) offered the attached amendment to improve and maintain the quality of grain shipped for export. Discussion occurred and Mr. Bedell asked if Mr. Evans would be receptive to adding language whereby grain with a moisture content which exceeded the specifications by more than two percentage points would not be blended back into the grain. Discussion continued and without objection Mr. Evans (Iowa) withdrew the amendment to offer during consideration of the wheat title.

During the proceedings two recesses were taken at 2:22 p.m. and 5:10 p.m. to enable Members to respond to recorded votes on the House floor. At 6:00 p.m. the meeting was adjourned to reconvene at 10:00 a.m. on Wednesday, July 17, for further consideration of Title XI.

Peggy L. Pecore
Peggy L. Pecore

Amendment by Mr. English (export subsidies)

Amend Subsection 1123 (a)(3) on page 16, book 2, beginning on line 21, by replacing subsection (3) with the following:

"(3) The Secretary shall provide agricultural commodities and/or cash under the program to counter or offset export subsidies used by other countries to promote sales of their agricultural commodities, and may provide commodities under the program--"

and by deleting subsection (3)(A) and re-lettering subsections (B) through (H) to conform.

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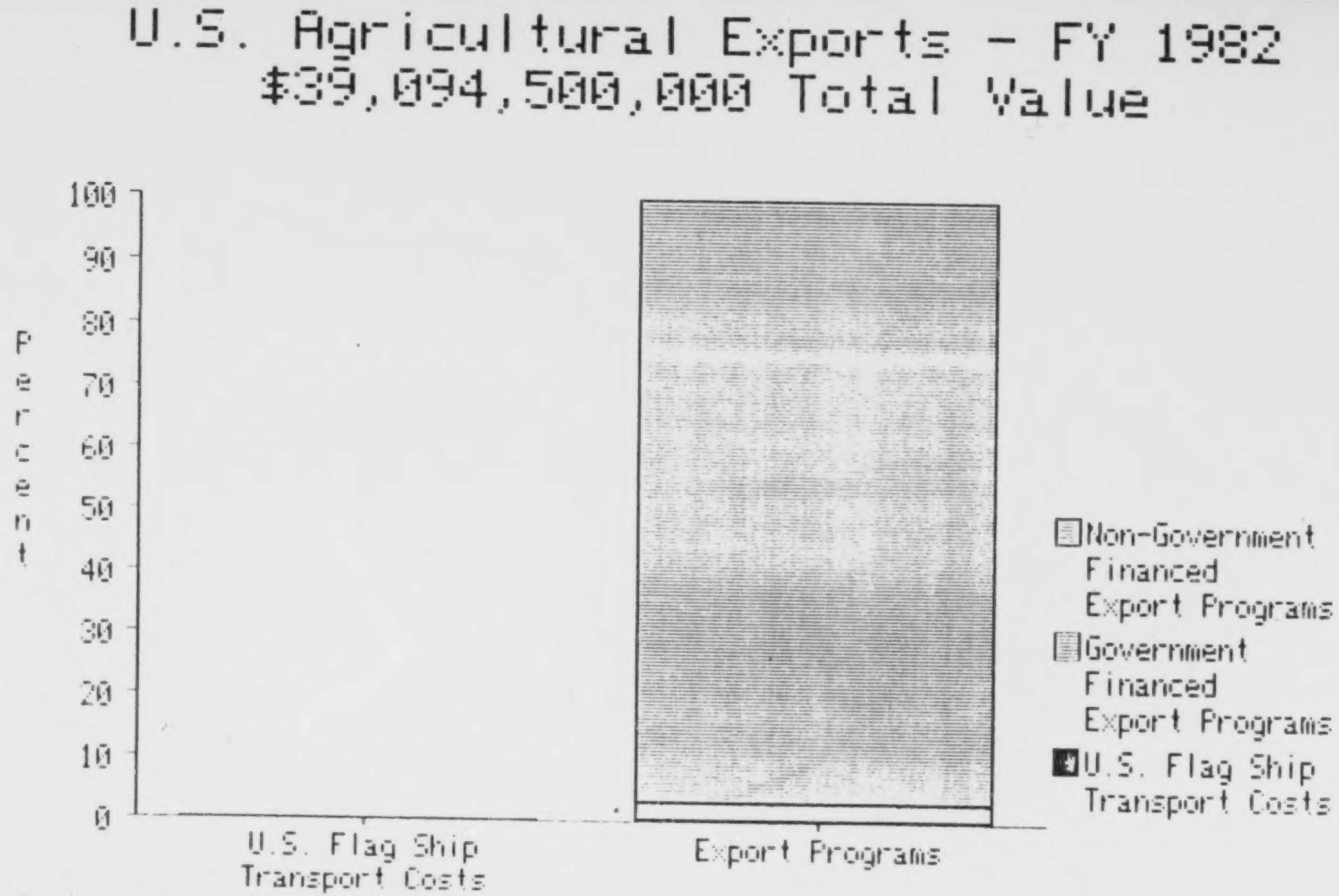
7/15/85 Mon 5:11:59

AMENDMENT TO H.R. 2100,
AS REPORTED BY THE SUBCOMMITTEES OF
THE COMMITTEE ON AGRICULTURE

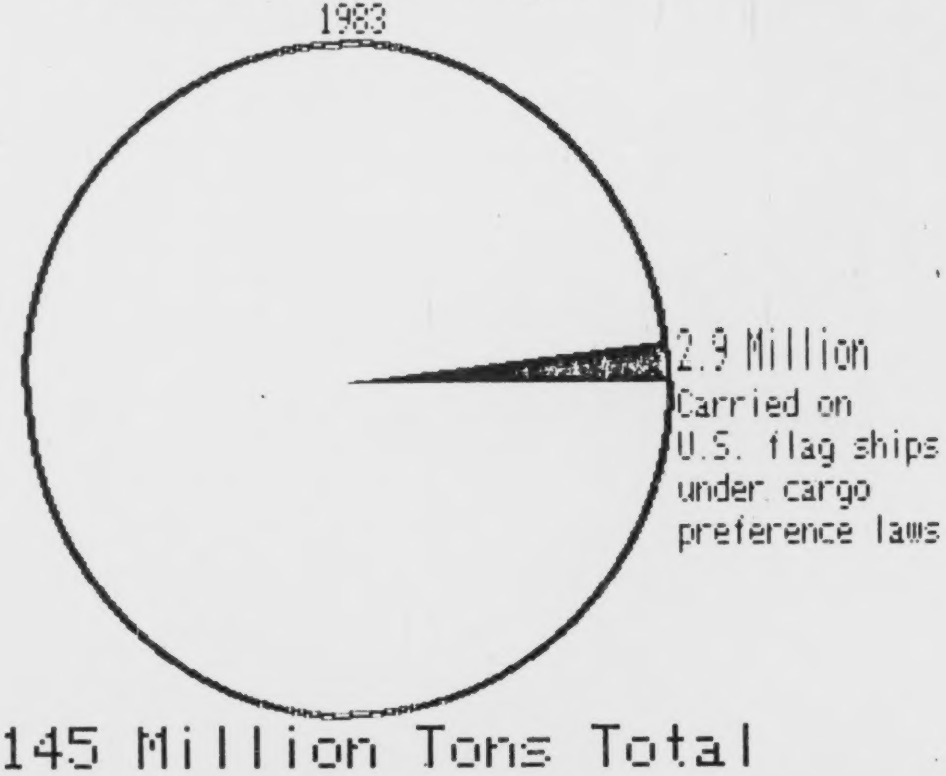
BY

MR. JONES OF NORTH CAROLINA

On page 30 of Book 2 of the Comparative Print, strike lines 4 through 14.


U.S. Agricultural Exports - FY 1982
$39,094,500,000 Total Value
Percent
100
90
80
70
60
50
40
30
20
10
0
U.S. Flag Ship Transport Costs
Export Programs
Non-Government Financed Export Programs
Government Financed Export Programs
U.S. Flag Ship Transport Costs

American Agricultural
Commodities Exports



Amendment to the Proposed New Section 416(b)
of the Agricultural Act of 1949

Viz: Amend the Subcommittee Substitute for the text of title XI (contained in Book 2 of the Committee Print) by--

(1) on page 4, line 23, striking out "friendly" and inserting in lieu thereof "developing";

(2) on page 4, line 24, striking out ", such as programs";

(3) on page 5, line 3, inserting after "Secretary." the following: "To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954 and shall be in addition to the level of assistance programmed under that Act.";

(4)(A) on page 5, line 19, inserting "(i)" after "that"; and

(B) on page 5, line 22, before the period at the end of the line, inserting ", or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Act administered by the Secretary of Agriculture";

(5)(A) on page 6, line 2, after "subsection.", inserting the following: "Commodities may not be made available for disposition to any country under this subsection except on determinations by the Secretary that (A) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (B) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries."; and .

(B) on page 6, lines 6 and 7, strike out "safeguard usual marketings of the United States and";

(6) on page 9, line 12, after "proceeds", inserting ", nor to the extent required under paragraph (3) of this subsection"; and

(7)(A) on page 12, striking out "an amount" on line 5 and all that follows down through "fiscal year" on line 11, and inserting in lieu thereof: "(i) 1,400,000 metric tons of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 150,000 metric tons of dairy products from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of dairy products as of the end of such fiscal year (as estimated by the Secretary), whichever is less. The Secretary shall make such estimation of such expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The

Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year"; and

(B) On page 12, line 23, after "quantities." insert the following: "For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) of this paragraph are not made available and during which any requests for commodities under this subsection during such fiscal year are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.".

Panetta

SHORT SUMMARY OF THE SECTION 416(b) AMENDMENT

The amendment would make the following changes in the text of section 416(b) of the Agricultural Act of 1949, as contained in section 1105 of the text reported by the Subcommittee:

(1) It will designate eligible recipient countries as developing countries (instead of friendly countries).

(2) It will require operation of the section 416(b) foreign donation program through title II of Public Law 480 (as reported, such integration with the title II program would not be required).

(3) It will require that the section 416(b) assistance be coordinated through the Public Law 480 coordination mechanism established by the President.

(4) It will ensure that agreements entered into under payment-in-kind programs will be honored before CCC commodities are programmed under section 416(b).

(5) It will prohibit the disposition of section 416(b) commodities in countries without adequate absorptive capacity or if disposition to the country will interfere with usual U. S. marketings or disrupt world prices for agricultural commodities and normal patterns of trade with developing countries.

(6) With respect to the monetization program to which 5 percent of all section 416(b) commodities is allocated, it will allow the waiver of the 5 percent requirement to the extent required under section 401(b) of Public Law 480 and under paragraph (3)(A), which restricts furnishing of

commodities to countries without sufficient absorptive capacity, or if the furnishing of the commodities will interfere with usual United States marketings, or disrupt world prices or normal trade patterns.

(7) It will revise the annual minimum tonnage requirement under section 416(b) as follows: The minimum tonnage for each fiscal year will be--

(i) 1.4 million tons of grains and oilseeds, or 10 percent of CCC's uncommitted year-end stocks, whichever is less; and

(ii) 150 thousand tons of dairy products, or 10 percent of CCC's uncommitted year-end stocks, whichever is less.

It will also require the Secretary of Agriculture, for any year in which the minimum tonnage requirement is not met and in which some requests for commodities were rejected, to provide a detailed, written explanation to Congress of the reasons for the rejections.

AMENDMENT TO THE AMENDMENT OFFERED BY MR. PANETTA
TO COMMITTEE PRINT ON H.R. 2100
OFFERED BY MR. COELHO

On page 2 of the amendment, in the matter proposed to be inserted by the amendment beginning with line 5 of page 12, strike out "150,000 metric tons of dairy products from the Corporation's" and all that follows through "whichever is less" and insert in lieu thereof "10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available".

Amendment to H.R. 2100

(As Reflected in the July 2 Print of Title XI)

Offered by Mr. Huckaby

At the end of title XI add the following new section:

Sec. 1132. Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end thereof the following new subsection:

(d) Notwithstanding any other provision of law--

(1)(A) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free-enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, eligible commodities (as defined in subsection b(2)) and the products thereof acquired through operations of the Commodity Credit Corporation may be furnished by the Secretary to carry out agreements entered into by the Secretary of Agriculture under paragraph (2) of this subsection.

(B) Not more than five hundred thousand metric tons of commodities may be furnished under this subsection in each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

(C) The Commodity Credit Corporation may purchase agricultural commodities and the products thereof for use under this subsection if Commodity Credit Corporation stocks are insufficient to fulfill commitments made in agreements entered into under this subsection.

(D) No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts.

(2)(A) The Secretary is authorized to enter into agreements with developing countries to furnish commodities and the products thereof, pursuant to paragraph (1) of this subsection, to such countries to promote the implementation of private, free-enterprise agricultural policies for long-term agricultural development. Such commodities shall be furnished under this subsection on such terms and conditions as the Secretary deems are in the public interest and will promote the objectives of this subsection. Agreements may provide for commodities to be furnished on a multiyear basis.

(B) In entering into agreements with countries for the furnishing of commodities under this subsection, the Secretary shall consider whether the potential recipient country--

(i) is carrying out, or is committed to carry out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities; such policies may provide for, among other things--

(I) access, on the part of farmers in such country, to private, competitive markets for their products;

(II) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

(III) establishment of market-determined foreign exchange rates;

(IV) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers; and

(V) access to technologies appropriate to the level of agricultural development in the country; and

(ii) can use the amount of commodities being considered for donation without disruption of the country's internal market for domestically produced agricultural commodities and products.

(3) Each agreement entered into under this subsection shall prohibit the resale or transshipment of the donated commodities to other countries.

(4) In entering into agreements with countries for the donation of commodities under this subsection, the Secretary shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities that would otherwise be made to such countries.

(5)(A) The provisions of section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to commodities furnished under this subsection.

(B) The cost of the commodities furnished under this subsection and the expenses incurred in connection therewith shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 and shall not be considered expenditures for international affairs and finance.

(6) Within one hundred and twenty days after the close of a fiscal year in which any agreement entered into under this subsection is in effect, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise

agricultural policies for long-term agricultural development in that country.

(7) The provisions of this subsection shall be effective during the period beginning October 1, 1985, and ending September 30, 1989.

4A

AMENDMENT BY MR. EVANS OF IOWA

TO THE AMENDMENT OFFERED BY MR. HUCKABY

On page 1, strike the following:

> "Section 416 of the Agricultural Act of 1949 (7 USC 1431) is amended by adding at the end thereof the following new subsection"

> and insert in lieu thereof the following:

> "Title III of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding the following new section".

On page 2, strike the following:

> "No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts."

> and insert in lieu thereof the following:

> "(i) Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized to use funds appropriated to carry out title I of this Act for the purposes of this section. The Commodity Credit

Corporation shall make available to the President such agricultural commodities determined to be available under section 401 of this Act as he may request.

"(ii)The Commodity Credit Corporation is authorized to, in addition to the cost of acquisition, pay with respect to commodities made available under this section costs for processing, transportation, handling, and other incidental costs up to the time of their delivery free on board vessels in the United States ports; ocean freight charges from United States ports to designated ports of entry abroad; transportation from United States ports to designated points of entry abroad in the case (1) of landlocked countries, (2) where ports cannot be used effectively because of natural or other disturbances, (3) where carriers to a specific country are unavailable, or (4) where a substantial savings in costs or time can be effected by the utilization of points of entry other than ports; and charges for general average contributions arising out of the ocean transport of commodities transferred pursuant thereto."

And by striking the word "Secretary" or the phrase "Secretary of Agriculture" where ever it appears and inserting in lieu there of the word "President".

Huckaby

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. LOWRY of Washington. Mr. Chairman, yesterday when the vote was taken on the Pascell amendment to the Smith amendment, I was detained at the White House on the budget conference and missed the vote.

Had I been present, I would have voted for the Pascell amendment.

WITHDRAWAL OF AMENDMENT

Mr. FORD of Tennessee. Mr. Chairman, I would like to withdraw an amendment that I had to title XI or XII of the bill before the Committee today calling for a 10-percent reduction across the board in the $12.1 billion foreign aid assistance bill. The amendment is at the Clerk's desk. It would not be in order until title XI or XII, but I would like to withdraw the amendment at this time.

The CHAIRMAN. Are there further amendments to title VIII? If not, the Clerk will designate title IX.

The text of title IX is as follows:

TITLE IX—FOOD AND AGRICULTURAL ASSISTANCE

SEC. 901. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT.

Section 103(g) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(g)(1) In order to carry out the purposes of this section, the President may continue United States participation in and make contributions to the International Fund for Agricultural Development.

"(2) There are authorized to be appropriated such sums as may be necessary to meet the United States pledge for the second replenishment for the International Fund for Agricultural Development.

"(3) Amounts appropriated under this subsection are authorized to remain available until expended.".

SEC. 902. PUBLIC LAW 480 TITLE II MINIMUMS.

(a) MINIMUM AND SUBMINIMUM DISTRIBUTION REQUIREMENTS.—Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out paragraphs (1) through (3) and inserting in lieu thereof the following:

"(1) for fiscal year 1987 shall be 1,800,000 metric tons, of which not less than 1,300,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies and the World Food Program;

"(2) for fiscal year 1988 shall be 1,900,000 metric tons, of which not less than 1,400,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies and the World Food Program; and

"(3) for fiscal year 1989 and each fiscal year thereafter shall be 2,000,000 metric tons, of which not less than 1,500,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies and the World Food Program."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1986.

SEC. 903. EXPRESS AUTHORITY FOR TITLE II DIRECT DISTRIBUTION, SALE, AND BARTER.

Section 202(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting after the first sentence the following new sentence: "Such commodities may be furnished for direct distribution, sale, barter, or other appropriate disposition in carrying out the purposes set forth in section 201.".

SEC. 904. ROLE OF PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

(a) NUTRITIONAL AND DEVELOPMENT OBJECTIVES.—Section 202(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new paragraph:

"(4) In the case of commodities distributed under this title by nonprofit voluntary agencies, consideration shall be given to nutritional and development objectives as established by those agencies in light of their assessment of the needs of the people assisted.".

(b) FOOD FOR DEVELOPMENT PROGRAMS.—Section 302(c)(4) of such Act is amended by inserting "and of United States nonprofit voluntary agencies and cooperatives" immediately after "agriculture".

SEC. 905. MULTIYEAR AGREEMENTS WITH PVOS.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following:

"(c)(1) In agreements with nonprofit voluntary agencies for nonemergency assistance under this title, the President is encouraged, if requested by the nonprofit voluntary agency, to approve multiyear commitments to make agricultural commodities available for distribution by that agency. Such commitment shall be subject to the availability each fiscal year of the necessary appropriations and agricultural commodities.

"(2) Paragraph (1) does not apply to an agreement which the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or because the agreement involves a new program of assistance.

"(3) In carrying out a multiyear agreement pursuant to this subsection, a nonprofit voluntary agency shall not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to the agreement, unless exceptional and unforeseen circumstances have occurred which the President determines require such approval.".

SEC. 906. CHILD IMMUNIZATION.

(a) AMENDMENTS TO PUBLIC LAW 480.—The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (11) of section 109 by inserting immediately before the period at the end thereof ", including the immunization of children";

(2) in the first sentence of section 206 by striking out "or" before "(B)", and by inserting immediately before the period at the end thereof ", or (C) health programs and projects, including immunization of children"; and

(3) in the second sentence of section 301(b) by inserting "(including immunization of children)" immediately after "health services".

(b) IMMUNIZATION TARGET.—In the implementation of health programs undertaken in relation to assistance provided under the Agricultural Trade Development and Assistance Act of 1954, it shall be the target for the organizations and agencies involved to provide for the immunization by fiscal year 1987 of at least three million more children annually than receive immunizations under such programs in fiscal year 1985. Such increased immunization activities should be taken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President shall include information concerning such immunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection.

SEC. 907. USE OF LOCAL CURRENCIES FOR EDUCATION PROGRAMS UNDER TITLE III.

Section 301(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting "education," immediately after "nutrition," in the second sentence.

SEC. 908. FARMER-TO-FARMER PROGRAM.

(a) MINIMUM FUNDING LEVEL.—Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years 1986 and 1987 to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of such section 406(a) shall not constitute more than one-fourth of the funds used pursuant to this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of such section, and shall be administered wherever possible in conjunction with programs under title XII of chapter 2 of part I of the Foreign Assistance Act of 1961.

(b) REPORT.—Not later than 120 days after the enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to the Congress a report indicating the manner in which the Agency intends to implement the provisions of section 406(a) (1) and (2) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available pursuant to subsection (a) of this section.

SEC. 909. TITLE II PROGRAMMING REPORTS.

Section 408(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "title I" both places it appears and inserting in lieu thereof "titles I and II".

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILMAN: Page 131, after line 14, insert the following new section:

SEC. 910. FOOD FOR PROGRESS PROGRAM AND PRIVATE ENTERPRISE PROMOTION.

Title III of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new sections:

"SEC. 311. (a) The President is authorized to negotiate and carry out agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricultural commodities to such countries, on a loan or grant basis, to support reform and implementation of agricultural policy decision based on free market principles. Such agreements may provide for commodities to be furnished on a multiyear basis. The agreement between the United States Government and a recipient country which provide for the furnishing of commodities under this section shall be called a Food for Progress Program.

"(b) Before entering into an agreement with a developing country for the furnishing of agricultural commodities under this section, the President shall be satisfied that such country is committed to carry out, or is carrying out, policies that promote economic freedom, private production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things—

"(1) access, on the part of farmers in such country, to private, competitive markets for their products;

"(2) m[illegible] pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

"(3) establishment of market-determined foreign exchange rates;

"(4) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers; and

"(5) access to technologies appropriate to the level of agricultural development in such country.

"Sec. 312. (a) The purpose of this section is to make United States agricultural commodities available in a manner which will generate local currency loans for economically productive activities by private enterprise, particularly in agriculture and agriculture-related fields. The President is authorized to negotiate and carry out agreements with friendly countries for the sale of agricultural commodities for foreign currencies for the uses specified in subsection (b).

"(b) Foreign currencies received from the sale of agricultural commodities under this section (and any proceeds from the use of those currencies) shall be used, under such terms and conditions as the President may determine, for the following purposes:

"(1) Loans to financial intermediaries within the recipient countries, for use for loans to private individuals, cooperatives, corporations, or other nongovernmental entities for economically productive activities within those countries. To the maximum extent practicable, the intermediaries shall give preference to the financing of agricultural and agriculturally related activities by the loan recipients.

"(2) Payment of United States obligations (including obligations entered into pursuant to other laws of the United States).

"(c) Before entering into agreements under this section, the President shall be assured that the recipient country is pursuing policies to encourage increased agricultural production in that country

"(d) Section 105 of this Act and section 1306 of title 31, United States, shall not apply with respect to foreign currency received and used pursuant to this section.

"Sec. 313. (a) Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized to use funds appropriated to carry out title I of this Act in carrying out sections 311 and 312. The Commodity Credit Corporation shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of sections 311 and 312.

"(b) Any new spending authority provided by sections 311 and 312 shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

"(c) Any reference to 'this title' in section 301 through 307 of this title shall not apply with respect to sections 311 and 312.".

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanious consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

□ 1350

Mr. GILMAN. Mr. Chairman, this amendment adds two sections to Public Law 480, the food-for-peace law, to achieve the following:

First, it authorizes the President to provide food-for-peace commodities on a loan or grant basis in order to encourage agricultural reforms by those countries based on free market principles; and

Second, it authorizes sale of food-for-peace commodities for local currencies abroad with the local currency proceeds to be used for loans in the private sector for economically productive activities, particularly for agriculture and agriculture-related private enterprise.

The Public Law 480 law already authorizes the use of local currency proceeds from the U.S. food shipments for a wide variety of purposes, and it encourages self-help by the aid-receiving countries so that they can improve their own agricultural production. One of the areas in which we can be most helpful is encouraging them to remove artificial obstacles and disincentives to farm production. We need to encourage free enterprise.

The Presidential Commission on World Hunger cites the case of one firm that not only raised the incomes of small farmers in a heavily populated region in Kenya but also reduced that country's dependence on sugar imports in the process.

Instead of organizing sugar production on the traditional plantation basis, the firm works with small-scale farmers. In addition to the 5,000 farmers, the refinery employs 2,500 local workers who are gradually replacing the foreigners hired to supervise them. The success of this venture had led to additional management contracts for similar projects.

The President's food-for-progress proposal recognizes this need. My amendment incorporates essential elements of his proposal.

Also, the Senate Agriculture Committee has adopted some provisions in its farm bill markup which deals with this matter. We should have a relevant provision in H.R. 1555 to take to conference.

When we see the chronic food deficits in many developing countries today, most tragically being demonstrated in Africa, we know we must do all we can to attack the hunger problem and help these countries to help themselves. One means is to help stimulate free market systems for their farmers and the natural productive impetus of private enterprise.

This amendment broadens our Public Law 480 authorities to allow more encouragement of free market systems and productive private enterprise activities in the countries receiving our food aid. We should take the amendment to conference.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I am pleased to yield to the gentleman from Wisconsin.

Mr. FASCELL. Mr. Chairman, may I ask, is this the gentleman's amendment on Food-for-Progress Program and private enterprise promotion?

Mr. GILMAN. This is the food-for-progress amendment under title IX.

Mr. FASCELL. On page 131?

Mr. GILMAN. Yes, on page 131.

Mr. FASCELL. Mr. Chairman, I thank the gentleman.

I want to commend the gentleman from New York [Mr. Gilman] for his leadership in this area and say that we have examined the amendment and are happy to accept it.

Mr. GILMAN. Mr. Chairman, I thank the gentleman.

Mr. BROOMFIELD. Mr. Chairman, if the gentleman will yield, I am also happy to accept the amendment.

Mr. GILMAN. Mr. Chairman, I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Gilman].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BREAUX

Mr. BREAUX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Breaux: On page 131, after line 14, insert the following new section:

"Sec. 910. Subsection (b) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended by inserting ', rice,' after 'Dairy products' in the first sentence thereof and by inserting ', rice,' after 'dairy products' in the third and eighth sentences thereof.".

Mr. BREAUX (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

(Mr. BREAUX asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Louisiana [Mr. Breaux] is recognized for 2 minutes in support of his amendment.

Mr. BREAUX. Mr. Chairman, I offer, today, an amendment which would allow the U.S. Government another option for donating its surplus rice commodities to feed needy and hungry people overseas through the section 416 Food Donation Program. Two similar surplus food donation programs have been authorized by Congress in recent years for use overseas, under the section 416 authority.

In 1982, Congress authorized the overseas donation of surplus dairy products. Last year, 1984, Congress approved donation of surplus wheat for foreign feeding programs.

It should be noted that our Government uses the section 416 Food Donation program for domestic feeding programs, as well as for foreign assist-

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AMENDMENT TO H.R. 2100

by Mr. Bedell

On Page 13 (Book 2), after line 11, add a new section 1120 as follows:

"Sec. 1120. (a) Congress finds that--

"(1) the volume and value of U.S. agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

"(2) this decline has been exacerbated by the lack of uniform and coherent objectives in U.S. agricultural trade policy and the absence of direction and coordination in trade policy formulation;

"(3) agricultural interests have been under-represented in councils of government responsible for determining economic policy that has contributed to a strengthening of the U.S. dollar;

"(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing U.S. economic interests through trade; and

"(5) the achievement of this goal is in the best interests of the United States.

"(b) It is hereby declared to be the agricultural trade policy of the United States to--

"(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

"(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

"(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

"(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on U.S. imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

"(5) remove foreign policy constraints in order to maximize U.S. economic interests through agricultural trade; and

"(6) provide for consideration of U.S. agricultural trade interests in the design of national fiscal and monetary policy which may foster continued strength in the value of the dollar.

6/ · Bedell

EXPLANATION OF EXPORT CREDIT REVOLVING FUND AMENDMENT

(The Export Credit Revolving Fund was authorized in the 1981 Farm Bill but has never been funded.)

The amendment would--

(1) extend from three to up to ten years the term of the loans which may be made by the Fund;

(2) authorize the Fund to be used for market development and expansion and to meet credit competition (current law allows the Fund to be used only to extend credit for purposes of market development and expansion and only where there is substantial potential for developing or enhancing regular commercial markets);

(3) require that all funds (including principal and interest) received by CCC in repayment for direct export credit loans made after September 30, 1985 be placed in the Fund for use by the Fund;

(4) reauthorize the Fund through 1990; and

(5) delete the requirement that the Fund may make loans only to the extent provided for in appropriations Acts.

AMENDMENT TO H.R. 2100

by Mr. Bedell

On Page 26 (Book 2), line 2, section 1125 is amended to read as follows:

"Sec. 1125. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by--

"(1) in paragraph (1)(A), striking 'three' and inserting in lieu thereof 'ten';

"(2) in paragraph (2) by striking all that follows after 'fund' and inserting in lieu thereof the following: 'to extend credit for purposes of market development and expansion and to meet credit competition for export sales.'

"(3) striking the second sentence of paragraph (4), and inserting in lieu thereof the following: 'All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.'

"(4) striking out '1985' both places it appears in paragraph (6) and inserting in lieu thereof '1990'; and

"(5) by deleting paragraph (8).

WEAVER135

AMENDMENT TO H.R. 2100

(BOOK 2 OF COMMITTEE PRINT)

OFFERED BY MR. WEAVER

Page 30, after line 3, insert the following:

UNITED STATES SUBSIDY REPORTS

SEC. 1129. (a) The Secretary of Agriculture shall submit to the Congress no later than February 15 of each year an annual report detailing the amount of subsidy during the year preceding the year in which such report is made to the Soviet Union and any other foreign country which has imported from the United States at least 1,000,000 metric tons of wheat, corn, or soybeans in the previous year.

(b) As used in this section, the term "subsidy" means the number of dollars arrived at through the following steps:

(1) Multiply the number of metric tons of the commodity imported by the country in question during the relevant period by the national average cost to producers in the United States for producing a metric ton of that commodity.

(2) Add to the result obtained under paragraph (1) the payments made under Federal agricultural price support programs whith respect to that number of metric tons of such commodity.

(3) Multiply that number of metric tons by the average price paid during the period in question per metric ton of that commodity by the country in question.

(4) Subtract the result obtained under paragraph (3) from the result obtained under paragraph (2). The result is such subsidy.

AMENDMENT BY MR. EVANS OF IOWA

In Book 1, page 267, line 8, of the text as reported by the subcommittee, add the following new section:

SEC. ____. IMPROVING AND MAINTAINING THE QUALITY OF GRAIN SHIPPED FOR EXPORT.

Section 13 of the United States Grain Standards Act, as amended (7 USC 71-87H), is amended by renumbering present paragraph (c) as (d) and by adding the following new paragraph:

"(c)(i) To ensure the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any such grain when there is a possibility that the recombined product may be exported from the United States; and no dockage or foreign material of any origin may be added to any grain which may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(ii) Nothing in subparagraph (i) shall be construed to prohibit the treatment of grain to suppress, destroy or prevent insects and fungi injurious to stored grain.

"(iii) Nothing in subparagraph (i) shall be construed to prohibit export of dockage or foreign material removed from grain when such dockage or material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separtely and uncombined with any such whole grain.".

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 17, 1985

~~(Sub)~~ Committee: Full

met at 10:20 am o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Jones, Tenn.
Mr. Rose
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Thomas

Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Timothy Galvin, Subc. Staff Director
Gary Mitchell, Minority Consultant
Anita Brown, Staff Assistant
Carol Dubard, Staff Assistant
Robert Cashdollar, Subc. Staff Director
Susan Adkins, Minority Consultant
James Johnson, Staff Assistant
Charles Hilty, Minority Staff Director
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk

Witnesses:

From Office of Legislative Counsel, House of Representatives:

Mr. Douglas Bellis, Counsel
Mr. Robert Weinhagen, Counsel

From the Administration:

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, Department of Agriculture

Mr. Peter Myers, Assistant Secretary for Natural Resources and Environment, Department of Agriculture

Mr. Roy Cozart, Assistant Deputy Administrator, State and County Operations, International Affairs and Commodity Programs Department of Agriculture

U.S. GOVERNMENT PRINTING OFFICE 83—1[illegible]905-1[illegible]

Wednesday, July 17, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--Without objection, agreed to English technical amendment to the cargo preference section of the Committee Print.

--Without objection, agreed to Stenholm technical amendment to the acreage base and program system for wheat, feed grain, upland cotton, and rice programs, to change the formula for calculating the farm acreage base for cotton and rice.

--By voice vote, agreed to Stenholm amendment to the bases and yields language, regarding acreage counted as considered planted when calculating base history.

--By voice vote, agreed to Emerson amendment regarding reducing base acreage during the term of conservation reserve contracts.

--By voice vote, agreed to Madigan amendment prohibiting land owned by the Department of Defense, leased for agricultural production, to be eligible to participation in USDA programs.

--Without objection, tentatively approved Title X, Subtitle A, as amended.

--By voice vote, agreed to Huckaby amendment to remove cotton and rice from the $250,000 nonrecourse loan ceiling.

--By voice vote, agreed to Smith cropland definition amendment.

--By voice vote, agreed to Coelho amendment to specify fruit, nut and vegetable products as edible agricultural commodities in existing law relating to donation and sale of commodities abroad for non-emergency purposes.

--By voice vote, agreed to Coelho amendment to direct the Secretary to conduct a study to determine the impact of imported dried apricots on the domestic industry.

--By voice vote, agreed to Coelho amendment to direct all agencies within the Department of Agriculture to coordinate restrictions on imported agricultural commodities.

--By voice vote, agreed to Coelho export embargo amendment.

--Without objection, agreed to Madigan amendment to Smith amendment, regarding quantities of white wheat exported to the Peoples Republic of China, to the Coelho exports of dairy products amendment.

Wednesday, July 17, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken - continued:

--By voice vote, agreed to the Smith amendment, as amended.

--By voice vote, agreed to the Coelho amendment, as amended.

--Without objection, agreed to Huckaby substitute Food for Progress amendment to the language agreed to on July 16, 1985.

Chairman de la Garza called the meeting to order and asked if there were further amendments to Title XI (Trade). Mr. Bedell offered a technical amendment (attached) on behalf of Mr. English, who was not present, to add language which had been inadvertently omitted, on cargo preference, when the Print was compiled. Without objection, it was agreed to.

Mr. Emerson reserved the right to have a colloquy with Mr. Panetta, when he could be present, to clarify the intent of the Panetta amendment agreed to on July 16, which added a new provision for setting minimum quantities and monetization rules on donation of agricultural commodities abroad.

The Chairman announced that Title X, Subtitle A (bases and yields proposal for wheat, feed grains, upland cotton, and rice) was open for amendment.

Mr. Stenholm offered a technical amendment (attached) relating to determination of farm acreage bases, to set cotton and rice bases initially on a two-year history, expanding annually until a five-year history cycle is reached, rather than on a five-year history at the outset. Considerable discussion followed, after which Mr. Huckaby moved the previous question on the amendment, and it was agreed to without objection.

Mr. Stenholm offered a second amendment (attached) which would provide that acreage used for conservation purposes, non-program crops and program crops not harvested would be counted as considered planted when calculating farmland base history.

Mr. Emerson offered an amendment (attached) which would reduce farmland bases during the term of conservation reserve contracts. After discussion, the amendment was agreed to by voice vote.

Wednesday, July 17, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Emerson offered an amendment (attached) to reduce crop bases during the term of conservation reserve contracts. He explained the amendment would assure that producers not continue to plant program crops on the amount of acreage planted prior to entering into a contract, and it would preserve cropland bases and allotment history. After discussion, the amendment was agreed to by voice vote.

Without objection, Title X, Subtitle A was tentatively approved.

Mr. Madigan offered an amendment (attached) to the Miscellaneous Commodity Provisions of Title X, which would prohibit program eligibility for crops produced on land leased from the Department of Defense, and it was agreed to by voice vote.

Mr. Huckaby offered an unwritten amendment to the Miscellaneous Provisions, to eliminate cotton and rice from the $250,000 nonrecourse loan limitation provision of the Print, and it was agreed to by voice vote.

Mr. Smith offered an amendment (attached) to define highly erodible land for sodbuster purposes and highly erodible cropland for conservation reserve contract purposes. After brief discussion, the amendment was agreed to by voice vote.

Chairman de la Garza announced the Committee would return to Title XI (Trade) for any amendments. See Minutes of July 16 for previous consideration of this Title.

Mr. Coelho offered Report language (attached) to make clear it is the intent of the Committee that the term edible agricultural commodities made available for distribution abroad for nonemergency purposes include fruit, nut, and vegetable products. After the amendment was explained, it was agreed to by voice vote.

Mr. Coelho offered a second amendment (attached) to direct the Secretary of Agriculture to conduct a study to determine the impact of imported dried apricots on the domestic industry, and to report the findings to the appropriate Congressional Committees. The amendment was agreed to by voice vote.

Mr. Coelho offered a third amendment (attached) to require that the lead agency of the Department of Agriculture consult with other appropriate agencies within the Department before decisions are made to impose restrictions on imported agricultural commodities, and it was agreed to by voice vote.

Wednesday, July 17, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Coelho offered a fourth amendment (attached) banning any export embargoes except when the President declares a national emergency and would provide that preexisting contracts shall not be abrogated. After discussion, during which staff was instructed to make changes, if necessary, after consulting with other Committees of jurisdicton, the amendment was agreed to by voice vote.

Mr. Coelho offered a fifth amendment (attached) stating the sense of Congress that the President should work with the Peoples Republic of China to facilitate P.L. 480 shipments to that country in order to increase markets for dairy products.

After discussion, Mr. Smith offered an amendment to add "and white wheat." He explained the Peoples Republic of China had ceased to import this commodity from the United States because of an alleged smut infestation, and his amendment would help this country return to exporting white wheat. After discussion about whether exporting white wheat to the PRC would displace the export of feed grains, Mr. Madigan moved to add "in a quantity sufficient to establish the quality of the commodity." Mr. Madigan's amendment was agreed to without objection; Mr. Smith's amendment, as amended, was agreed to by voice vote; and the Coelho amendment, as amended, as agreed to by voice vote.

Mr. Huckaby was recognized to offer a substitute amendment to the Food for Progress amendment agreed to on the previous day, to accept his original amendment and give the Secretary discretionary, rather than mandatory, authority to use surplus agricultural commodities to promote long-term agricultural development abroad. Without objection, it was agreed to.

Mr. Panetta and Mr. Emerson engaged in a colloquy to clarify the intent of the Panetta amendment agreed to on the previous day, which would revise the minimum amounts of grains, oilseeds and dairy products to be donated abroad under existing law regarding disposition of commodities to prevent waste.

Chairman de la Garza announced that Title XI would remain open for further consideration and adjourned the meeting at 1:20 p.m., to reconvene at 10:00 a.m. on Thursday, July 18, 1985, to continue marking up the 1985 farm bill.

Peggy Pecore
Peggy Pecore

Amendment to Title XI
Offered by Mr. English

On page 30 of Book 2 of the Comparative Print of H.R.2100 at line 10, insert the following immediately before the word "or":

"under this Act, and activities of the Corporation".

TECHNICAL AMENDMENT RELATING TO DETERMINATION OF FARM ACREAGE BASES UNDER THE BASES AND YIELDS PROPOSAL

Viz: On page 193 of book 1, strike out lines 1 through 5 and insert in lieu thereof the following: "this subsection, be the number of acres equal to the total of--

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 609 of this title) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 609 of this title)--

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 609 of this title, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year:

Provided, That, for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 609 of this title) for harvest during the two preceding crop years.".

On page 206, strike out lines 12 through 19.

BRIEF EXPLANATION

This amendment will make a technical change (described in the Ad Hoc Task Force's report) in section 603 (farm acreage bases) of the bases and yields proposal to conform it to the agreed-to revision of section 604 (crop acreage bases (CAB)) under which, initially, there would be different CAB formulas for (1) wheat and feed grains and (2) upland cotton and rice.

AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. STENHOLM OF TEXAS

Page 204, line 4, after "soybeans.", insert the following:

"This would include any acreage devoted to conserving uses, or planted to program crops not for harvest, or non-program crops (except soybeans), by a person participating in the program, in excess of the acreage required to be reserved from production for such crop year."

An amendment by **MR. EMERSON** to reduce cropland bases on farms during the term of conservation reserve contracts.

Page 40, line 23: insert following the word "permanently": "Provided that a reduction will be made during the period of the contract of crop bases, quotas, and allotments planted to crops for which there is a production adjustment program. The reduction will be based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve as determined by the Secretary.

EXPLANATION OF EMERSON AMENDMENT TO CONSERVATION RESERVE

H.R.2100 does not require owners or operators to reduce the base acreage devoted to the production of agricultural commodities under production adjustment programs. While an acre-for-acre reduction may be too restrictive to achieve needed participation in the conservation reserve, some corresponding reduction in such acreage along with participation in the conservation reserve is needed.

Such a reduction would be computed on the basis of a reduction factor. The reduction factor would be computed by dividing the cropland acreage placed into the conservation reserve program by the total cropland on the farm. The reduction factor is then applied to each crop base, allotment or quota on the farm.

For example, let's look at three farms with 500 acres of total cropland and 100 acres placed into the conservation reserve: 100 acres divided by 500 acres equals a 20 percent reduction factor.

FARM	A	B	C
Wheat Base	500	250	100
Reduced Wheat Base	400	200	80
Cotton Base	0	0	200
Reduced Cotton Base	0	0	160

This formula would be fair to all producers whether they double crop, plant fence-to-fence, summer fallow, or include grasses and legumes in rotation practices. The important thing to stress is that the relationship of remaining bases to remaining cropland is maintained at any level of conservation reserve participation.

We need this amendment to assure that a farmer cannot continue to plant as many acres of program crop(s) as he did before putting land in the conservation reserve. This just helps tie conservation and reduction of commodities together.

**It is important to note that on page 45, item (1) starting on line 8, there is a provision to preserve cropland bases and allotment history unless the farmer agrees under contract to retire permanently such cropland base and allotment history. This will serve to protect a farmer's acreage base after his conservation reserve contract has expired.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Madigan

On page _____, line _____ insert the following new section and renumber subsequent sections accordingly:

SEC. ______. Any land owned by the Department of Defense, or any agency thereof, leased for the production of agricultural commodities shall not be eligible for participation in any program administered by the U.S. Department of Agriculture.

AMENDMENT TO TITLE X OF H.R. 2100
(As Reported by the Subcommittee)
Offered by Mr. Huckaby

On page 218, line 19, strike out "cotton, rice"

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Smith

Page 32, line 9 delete the following:

"(4) the terms "highly erodible land" and "highly erodible cropland" mean land or cropland"

and insert in lieu thereof the following:

"(4) the term "highly erodible land" means land"

Page 33, prior to line 1 insert the following:

"(5) the term "highly erodible cropland" means highly erodible land that is in cropland uses as determined by the Secretary."

Page 33, line 1 delete the number "(5)" and insert in lieu thereof "(6)".

EXPLANATION

This amendment is needed to separate and clarify the definition of the two terms "highly erodible land" which is used in the sodbuster section and "highly erodible cropland" which is used in the conservation reserve section of the bill.

It makes it clear that only land that is currently in cropland is eligible for the conservation reserve.

MDB461

AMENDMENT TO H.R. 2100
(TO BOOK 2 OF THE COMMITTEE PRINT
AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. COELHO

Page 2, line 11, insert after ``sentence.'' the following:

In distributing agricultural commodities as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

MDB466

AMENDMENT TO H.R. 2100
(TO BOOK 2 OF THE COMMITTEE PRINT
AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. COELHO

Page 30, after line 14, insert the following new subtitle:

Subtitle E--Import Related Matters

STUDY

SEC. 1141. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, shall, not later than 120 days after the date of the enactment of this section, complete a study to determine--

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) the Secretary shall prompty report the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

MDB463

AMENDMENT TO H.R. 2100
(TO BOOK 2 OF THE COMMITTEE PRINT AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. COELHO

Page 30, after line 3, insert the following:

(d) Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

MDB462

AMENDMENT TO H.R. 2100
(TO BOOK 2 OF THE COMMITTEE PRINT
AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. COELHO

Page 30, after line 3, insert the following:

CONTRACT SANCTITY

SEC. 1129. It is hereby declared to be the policy of the United States--

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of agricultural commodities or the products of such commodities should be imposed only in time of a national emergency declared by the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); and

(4) that contracts entered into before the imposition of any prohibition or limitation on the export of agricultural commodities or the products of such commodities should not be abrogated.

AMENDMENT TO H.R. 2100
(TO BOOK 2 OF THE COMMITTEE PRINT
AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. COELHO

Page 3, line 2, insert "(a) after "Sec. 1103."

Page 3, after line 11, insert the following:

"(b) It is the sense of the Congress that--

"(1) the President should work with the People's Republic of China to facilitate the export of commodities to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) with a view to increasing markets for dairy products in the People's Republic of China; and

"(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities."

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 18, 1985

(Sub) Committee: Tobacco and Peanuts; Select Revenue Measures

Meeting: Joint Public Hearing

Subject: Tobacco Equalization Act of 1985

Bill Nos. H.R. 2600

The Joint (Sub) Committees

met in open Session at 10:10 am o'clock, in Room H137 Capitol

The following Members were present:

Tobacco and Peanuts	Select Revenue Measures	Also Present:
Mr. Rose	Mr. Rangel	Mr. Perkins
Mr. Jones (N.C.)	Mr. Campbell	Mr. Cooper
Mr. Hatcher	Mr. Thomas (Calif.)	Mr. Sisisky
Mr. Whitley	Mr. Vander Jagt	Mr.
Mr. Tallon	Mr.	Mr.
Mr. Thomas (Ga.)	Mr.	Mr.
Mr. Hopkins	Mr.	Mr.
Mr. Combest	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
		Mr.
		Mr.
		Mr.
		Mr.
		Mr.
		Mr.
		Mr.

Staff present:

Agriculture	Ways and Means
Joan Teague Rose	Rob Leonard
Heidi Pender	Susan Rogers
Glenda Temple	Peggy Butner
Rick Kirchhoff	
Carol Dubard	

Witnesses:

1. Hon. Albert Gore, Jr., United States Senator from Tennessee

2. Mr. Earle Bedenbaugh, Deputy Administrator for State and County Operations, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture
   Acc. by: Mr. Jay York, Acting Director, Tobacco and Peanut Division, USDA
   Mr. David Nichols, Fiscal Division, ASCS

3. Mr. Fred G. Bond, General Manager, Flue-cured Tobacco Cooperative Stabilization Corporation, Raleigh, North Carolina

4. Mr. William O.L. Myers, Manager, Burley Stabilization Corporation, Knoxville, Tennessee

5. Mr. James R. Oliver, Master, North Carolina State Grange, Raleigh, North Carolina, in behalf of the National Grange

6. Mr. Charles L. Frazier, National Farmers Organization, Washington, D.C.

7. Farm Bureau Panel:
   Mr. Jim Putnam, President, Tennessee Farm Bureau Federation
   Mr. Robert Nash, President, Georgia Farm Bureau Federation
   Mr. Harry Bell, President, South Carolina Farm Bureau Federation
   Mr. William B. Jenkins, President, North Carolina Farm Bureau Federation

Statements Filed:

1. Hon. Walter B. Jones, Member of Congress from North Carolina

2. Hon. Frederick C. Boucher, Member of Congress from Virginia

3. Hon. Fortney H. (Pete) Stark, Member of Congress from California

4. Hon. James A. Graham, Commissioner, North Carolina Department of Agriculture

5. Mr. Horace R. Kornegay, Chairman, The Tobacco Institute, 1875 I Street, NW, Washington, DC 20006

6. Mr. Carl Cook, Executive Director, The Tobacco Producers Association, Box 16, Center, Kentucky 42214

U.S. GOVERNMENT PRINTING OFFICE 81—84773-100

Thursday, July 18, 1985
Tobacco and Peanuts Subcommittee of the
House Committee on Agriculture
Select Revenue Measures Subcommittee
of the House Committee on Ways and
Means
Joint Public Hearing
Tobacco Equalization Act of 1985
H.R. 2600

Chairman Rangel called the meeting to order and both he and Chairman Rose made opening comments on the need to consider the Tobacco Equalization Act.

The witnesses listed on page 2 of these minutes were recognized for their prepared testimony and following their presentations were questioned by the Members of the Subcommittees.

Due to time pressures a panel of tobacco farmers was asked to present their testimony at the afternoon session. At 12:00 noon the meeting was adjourned to reconvene at 1:30 p.m. to receive additional statements from other scheduled witnesses.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 18, 1985 - P.M.

(Sub) Committee: Tobacco and Peanuts; Select Revenue Measures

Meeting: Joint Public Hearing

Subject: Tobacco Equalization Act of 1985

Bill Nos. H.R. 2600

The Joint (Sub) Committees

met in open Session at 1:55 p.m. o'clock, in Room H137 Capitol

The following Members were present:

Tobacco and Peanuts	Select Revenue Measures	Also Present:
Mr.	Mr.	Mr.
Mr. Rose	Mr. Rangel	Mr. Cooper
Mr. Jones (N.C.)	Mr. Campbell	Mr.
Mr. Hatcher	Mr.	Mr.
Mr. Whitley	Mr.	Mr.
Mr. Tallon	Mr.	Mr.
Mr. Thomas	Mr.	Mr.
Mr. Hopkins	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
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		Mr.
		Mr.

Staff present:

Agriculture	Ways and Means
Joan Teague Rose	Rob Leonard
Heidi Pender	Susan Rogers
Glenda Temple	Peggy Butner
Rick Kirchhoff	

Witnesses:

1. Farmer Panel
   Mr. Richard J. Jenks, Apex, North Carolina
   Mr. Fred W. Burt, Wake County, North Carolina
   Mr. Bobby Stephenson, Route 1, Smithfield, North Carolina
   Mr. Philip Duncan, Columbus County, North Carolina

2. Mr. W. L. "Billy" Carter, President, Tobacco Growers Association of North Carolina, Inc., Scotland Neck, North Carolina

3. Farmer Panel
   Mr. Gene Paramore, President, Pitt County Farm Bureau, Grimesland, North Carolina
   Mr. Atlas Wooten, Chairman, Tobacco Advisory Committee, Pitt County Farm Bureau, Ovenville, North Carolina
   Mr. Larry Wooten, Currie North Carolina

4. Mr. David Senter, American Agriculture Movement, Washington, D.C.
   Acc. by: Mr. Kent Boyd, Hopkinsville, Kentucky

5. Mr. Charles Freeman, President, United Farmers Organization, Pittsboro, North Carolina
   Acc. by: Mr. Leon Crump, Cheraw, South Carolina

6. Mr. Matthew Myers, Coalition on Smoking or Health, 1302 18th Street, NW, Suite 603, Washington, DC 20036

7. Panel
   Dr. W. D. Toussaint, Professor of Economics and Business, North Carolina State University, Raleigh, North Carolina
   and
   Professor Randy Rucker, Assistant Professor of Economics, North Carolina State University, Raleigh, North Carolina

8. Dr. M. Roy Schwarz, American Medical Association, 535 N. Dearborn, Chicago, Illinois
   Acc. by: Mr. Bruce D. Blehart, Department of Federal Legislation American Medical Association, 535 N. Dearborn, Chicago, Illinois 60610

9. Dr. Hugh Kiger, Executive Vice President, Leaf Tobacco Exporters Association, 2716 National Drive, Suite 114, Raleigh, North Carolina 27612

Statements Filed:

1. Hon. Peter Worthington, Speaker Pro-Tem, Kentucky House of Representatives, Ewing, Kentucky

2. Hon. Ward "Butch" Burnette, Kentucky House of Representatives, Fulton, Kentucky

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1[illegible]

Thursday, July 18, 1985 - P.M.
Tobacco and Peanuts Subcommittee of the House Committee on Agriculture
Select Revenue Measures Subcommittee of the House Committee on Ways and Means
Joint Public Hearing
Tobacco Equalization Act of 1985
H.R. 2600

Chairman Rose called the meeting to order for the continued consideration of H.R. 2600, the Tobacco Equalization Act of 1985. The witnesses listed on page 2 of these minutes were recognized for their prepared testimony on the legislation. Following their presentations, the witnesses were questioned by the Members.

During the proceedings recesses were taken at 2:50 p.m., 3:35 p.m., and 4:35 p.m. to enable Members to respond to recorded votes on the House floor. At 5:05 p.m. the meeting was adjourned, subject to the call of the respective Chairs.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 18, 1985

~~(Sub)~~ Committee: Full

met at 10:15 am o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, Tenn.
Mr. Bedell
Mr. Panetta
Mr. Huckaby
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Staggers
Mr. Evans, Ill.
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Mr.
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Mr.

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Brenda Hatton, Subcommittee Consultant
William Toops, Minority Consultant
Parks Schackelford, Staff Assistant
Eugene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Carol Dubard, Staff Assistant
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Peggy Pecore, Clerk

Witnesses:

Present to respond to questions:

Mr. Robert Weinhagen, Office of Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Thursday, July 18, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
 Food Security Act of 1985

Action Taken:

--By voice vote agreed to Title IX (Sugar) of the Committee Print.

Chairman de la Garza called the meeting to order and announced that Title IX (Sugar) of the Print was under consideration and open for amendment at any point.

Mr. Huckaby, Chairman of the Subcommittee on Cotton, Rice, and Sugar explained subcommittee consideration of the sugar program and the legislation as reported to the Full Committee. Mr. Stangeland, Ranking Minority Member of the subcommittee also made remarks. General discussion occurred on the legislation, and by voice vote, Title IX was tentatively agreed to.

Considerable discussion occurred on the treatment of all commodity programs and on a letter (attached) to Mr. Roberts from Assistant Secretary for Economics Thompson, Department of Agriculture, responding to questions Mr. Roberts raised regarding the impact of the mandatory production control provisions adopted by the Subcommittee on Wheat, Soybeans, and Feed Grains.

Department of Agriculture officials present were asked to supply the Committee with their analyses of (1) the amount of wheat carryover for six years if the proposed referendum legislation were enacted, and to include the conservation reserve program acres in this estimate; (2) a summary of the actual set-aside (compared to total production) achieved under the payment-in-kind program for each of the program crops covered by the program; (3) the market prices achieved for each of those crops; (4) today's market price of competing crops abroad; (5) the number of ariable acres in South America not in production; (6) the total cost of the payment-in-kind program; (7) the impact of the 1982 drought on corn yields (8) the percentage of crops produced for the export market; (9) an estimate of the impact of the payment-in-kind program on the livestock and poultry industries; and on several other suggestions for information Members would like to have before considering the Wheat, Soybeans, and Feed Grains Titles of the Print.

The Committee adjourned at 12:06 p.m., to reconvene at 2:00 p.m., this date, to consider the Cotton and Rice Titles of the Print, and to receive information requested from the Department of Agriculture.

Peggy Pecore
Peggy Pecore

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 8, 1985

Honorable Pat Roberts
House Agriculture Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Roberts:

In your letter of June 28, 1985, you requested that the Economic Research Service conduct a study of the mandatory production control provisions of the farm bill adopted by the Subcommittee on Wheat, Feedgrains, and Soybeans. This letter responds to that request, taking in order the seven questions that were raised.

1. Is Section 22 authority (7 USC 624) adequate to protect the U.S. commodity programs from imports, if the price support levels suggested in the committee bill are approved by producers?

   Under mandatory production and marketing controls, world prices for corn, wheat, and soybeans would rise with the level of the U.S. loan rate. Competitors would have strong incentives to increase production and sell these products in the United States. However, because imports of these commodities have been very small in the past, Section 22 could be used to keep imports at very low levels. Substitute or processed products that might interfere could also be limited, although strong incentives would exist to find ways to circumvent such restrictions.

2. If Section 22 is implemented, what would the impact be on our international trade relationships with other countries?

   Limits on imports of the commodities covered by the mandatory controls would not violate our commitments under the General Agreement on Tariffs and Trade (GATT) since the United States has a GATT waiver on Section 22 cases. Nevertheless, such actions could only increase already heightened world trade tensions.

3. An analysis of the impact of the bill on domestic livestock industry in the United States, including the impact of high feed prices and the long-term impact on red meat consumption.

   Mandatory controls would significantly alter the feed-livestock economy. Higher support prices would increase feed costs and increase crop returns which would halt the livestock expansion that is now expected during the latter 1980's. The result would be cuts in meat supplies and 10-20 percent higher meat prices for consumers. Per capita red meat consumption by 1991 could be down to around 68.5 pounds (retail weight), off about 13 percent from 1984. Consumption would continue down in the early 1990's. Sharply higher meat and crop prices would drive up the CPI for food, about 1 percentage point a year over the life of the bill compared to what would otherwise be expected.

4. An analysis of the impact of mandatory production controls on our ability to export agricultural commodities?

   Mandatory production controls with their higher prices would effectively eliminate U.S. commercial sales of wheat, causing an estimated decline in total wheat exports of 50 percent from the expected 1985/86 level. In all likelihood, by 1990/91 wheat exports would be limited to PL 480 donations and sales financed by the GSM credit programs.

   Exports of corn and soybeans would also decline dramatically, with corn exports going down by 40 percent. The higher U.S. prices would drive world prices up sharply, causing foreign producers to increase production of coarse grains and soybeans while reducing livestock production.

5. Could any export PIK or bonus bushel program be implemented on a large enough scale to maintain the U.S. share of the world export market?

   The mandatory program coupled with higher support prices would raise wheat prices by nearly 75 percent and corn and soybean prices by over 50 percent from their expected 1985/86 levels. These price differentials are the rates at which export sales would have to be subsidized. For wheat, a subsidy of $1.75-$2.50 per bushel during the 1986-91 period would be required to remain competitive; for corn, $1.00-$1.25 a bushel; and for soybeans, about $3.00 a bushel.

   The nature of the subsidy--cash or payment-in-kind--would not alter the cost of the subsidy to taxpayers. Treasury outlays would range from $2.3-$3.4 billion annually for wheat, $1.9-$2.4 billion annually for corn, and about $2.4 billion annually for soybeans. There likely would be sufficient surplus production and stocks to maintain current export levels with the 35-percent mandatory acreage reduction for wheat, 20 percent for corn, and 10 percent for soybeans, assuming quotas permitted this production to be marketed. A greater reduction in soybean acreage would preclude maintaining export market share even with a subsidy. If marketing quotas were set so as to achieve the desired carryover levels implied in the bill, there would not be enough stocks to implement an export PIK program and maintain exports.

6. The mandatory supply management approach calls for substantial cutbacks in production. Could you analyze the long-term economic impact, in terms of employment and economic stability for rural communities?

   Long-term economic impacts of mandatory controls on farm-based rural communities would be focused on the Midwest. Substantial cuts in production would result in reduced expenditures for agricultural inputs (fertilizer, seed, herbicides, fuel, etc.). Local businesses supplying these variable inputs would suffer. If marketing quotas were set low enough to achieve the bill's targeted carryover stocks, the wheat, corn, and soybean land idled would greatly exceed that idled under the 1983 PIK program. Under PIK, input purchases dropped nearly $5 billion or 15 percent from the 1980-82 average. With an even greater reduction under strict marketing quotas, the recent financial hardships--liquidations, foreclosures, and unemployment--would be sharply aggravated. Higher, more stable farm incomes under a mandatory program could have some positive effect on equipment manufacturers and dealers, although to the extent that increased returns become capitalized into land values this effect would be limited.

7. The bill, as adopted, provides for a 35-percent reduction for wheat and a 20-percent reduction for feed grains. Is that adequate to balance supply and demand and reduce the U.S. carryover to an adequate level and prevent additional cost to the government?

   These reduction levels would not be sufficient to balance supply and demand and reduce U.S. carryover stocks to an adequate level and limit government costs. With normal yields and declining exports and domestic use, carryover stocks are estimated to rise during every year over the 1986-91 period; wheat stocks would accumulate at a rate of 700-800 million bushels each year and corn at 300-400 million. Government storage costs and purchases made at the high parity-based loan rates would rise rapidly.

   If marketing quotas were set so that production would meet domestic use and exports, as well as provide an adequate carryover, harvested acres would fall sharply below the acreage adjustments specified in the bill. Wheat area harvested would likely average 30-35 million acres, about half this year's expected level. Corn would average 50-55 million acres, down over a quarter, and soybeans 55-60 million acres, down a tenth. Government program costs for storage and loans would be reduced to low levels.

These findings are consistent with what we have learned from mandatory production control programs in the past. Under such programs, more intensive use of the eligible land base causes slippage in production adjustments and raises costs. Government-created production rights become capitalized into land values--discouraging new entrants to farming, causing land rental rates to rise, and ultimately giving rise to higher costs of production. Production adjustments to more efficient production areas are precluded. An efficient agricultural machine becomes disabled. Our export competitors benefit and we find imports of both raw and processed products increasing, as our experience with meat, cotton textiles, tobacco, peanuts, and sugar will attest. Farm income gains are temporary as rising production costs, higher yields, and eroding demand necessitate ever-rising constraints on acreage. Consumers lose as they end up buying less and paying more. And, importantly, unnecessary constraints are placed on the individual farmer's freedom of enterprise.

An identical letter has been sent to Congressman Edward Madigan, III. I hope that this satisfactorily responds to your request.

Sincerely,

Robert L. Thompson

ROBERT L. THOMPSON
Assistant Secretary
for Economics

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 18, 1985

(~~Sub~~) Committee: Full

met at 2:20 pm o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Jones, Tenn.
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Stenholm
Mr. Volkmer
Mr. Staggers
Mr. Olin
Mr. Penny
Mr. Bruce
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

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Mr.
Mr.

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Howard Conley, Staff Economist
Brenda Hatton, Subcommittee Consultant
William Toops, Minority Consultant
Parks Schackelford, Staff Assistant
Charles Hilty, Minority Staff Director
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Peggy Pecore, Clerk

Witnesses:

Present to respond to questions:

Mr. Robert Weinhagen, Office of Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

U.S. GOVERNMENT PRINTING OFFICE 83—12986-1sp

Thursday, July 18, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--By voice vote agreed to Huckaby amendment to Title V (Cotton) to give the Secretary authority to increase the reduction of the loan rate to 20 percent in any year it is determined the existing rate would discourage exports.

--By voice vote, agreed to Huckaby amendment to Title V to require the Secretary to ensure progress is made toward achieving goals set out regarding surplus carryover.

--By voice vote, agreed to Combest deficiency payment amendment to Title V.

--Without objection, agreed to Bedell amendment to the Huckaby marketing certificate in-kind payment amendment to Title V, to provide that a producer will receive his bonus in cotton unless an agreement is reached between the producer and the Secretary of Agriculture.

--By voice vote, agreed to Huckaby marketing certificate amendment, as amended.

--Without objection, tentatively agreed to Title V, as amended.

--By voice vote, agreed to Huckaby en bloc amendments to Title VI (Rice) to give the Secretary authority to increase the reduction of the loan rate up to 20 percent in any year it is determined the existing rate would discourage exports, and to require the Secretary to ensure progress is made toward achieving goals set out regarding surplus carryover.

--Without objection, agreed to Bedell amendment to the Huckaby marketing certificate in-kind payment amendment to Title VI, to provide that payments to producers would be only for rice exports.

--By voice vote, agreed to Huckaby marketing certificate amendment, as amended.

--By voice vote, tentatively agreed to Title VI, as amended.

Chairman de la Garza called the meeting to order and announced that Title V (Cotton) was under consideration and open for amendment at any point.

Thursday, July 18, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Huckaby, Chairman of the Subcommittee on Cotton, Rice, and Sugar, explained subcommittee consideration and the provisions of the Cotton Title.

Mr. Stangeland, Ranking Minority Member, of the Subcommittee, also made remarks.

Mr. Huckaby offered the attached amendment to allow the Secretary of Agriculture to increase the reduction of the loan rate for cotton up to 20 percent in any year it is determined the existing rate would discourage exports. After brief discussion, the amendment was agreed to by voice vote.

Mr. Huckaby offered an amendment (attached) to require the Secretary to ensure that progress is being made to keep the surplus carryover of cotton below one-third of the predicted domestic and export use, and the amendment was agreed to by voice vote.

Mr. Combest offered an amendment (attached) which would require any target price payments caused by lowering loan rates below 55 cents would not be subject to limitations on deficiency payments to individual producers, and it was agreed to by voice vote.

Mr. Huckaby explained the attached amendment to provide for marketing certificates to be issued in in-kind payments if the Secretary determines that the world market price for cotton has fallen below the loan rate. The certificates would go to the first handlers of the cotton. Mr. Bedell moved to add language to make clear that a producer would receive his payment in cotton unless an agreement is reached between the producer and the Secretary. Without objection, the amendment was agreed to, and by voice vote, the Huckaby amendment, as amended, was agreed to.

Without objection, Title V, as amended, was tentatively agreed to.

Chairman de la Garza announced that Title VI (Rice) was under consideration, and was open for amendment at any point.

Mr. Huckaby explained the language of the Title as approved by his subcommittee, and offered two amendments, en bloc, which would allow the Secretary of Agriculture to increase the reduction of the loan rate for rice up to 20 percent in any year it is determined the existing rate would discourage exports, and which would require the Secretary to ensure that progress is being made to keep the surplus carryover of rice below one-fifth of the predicted needs for domestic and export use. After brief discussion, the amendments were agreed to by voice vote.

Thursday, July 18, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Huckaby offered an amendment (attached) to Title VI, identical to the marketing certficate program he offered for cotton. Mr. Bedell moved that the in-kind payments would be made only for rice exports, and without objection it was agreed to. The Huckaby amendment, as amended, was agreed to by voice vote.

By voice vote, Title VI, as amended, was agreed to.

Discussion occurred on whether the Committee wished to discuss with Department officials present the responses to the several questions posed by Members at the morning meeting, this date, and it was agreed to ask the officials to return when the Committee meets at 10:45 a.m. on Tuesday, July 23, 1985.

Whereupon, the Committee adjourned at 5:25 p.m.

Peggy Pecore
Peggy Pecore

Amendment to Title VI of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 143, line 17, delete the word "substantially."

2. On page 143, line 21, delete "15" and insert in lieu thereof "20."

Amendment to Title VI of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 152, change lines 5 and 6 to read as follows:

   "then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii) of this subparagraph, the"

AMENDMENT TO TITLE VI OF H.R. 2100
(as reported by the Subcommittee)
Offered by Mr. Huckaby

On page 160, after line 6, insert the following new section:

"Sec. 602. Notwithstanding any other provision of law, whenever the world price (adjusted to U.S. qualities and location) as determined by the Secretary is below the loan rate determined under Section 601, in order to make U.S. rice competitive in world markets and to maintain and expand domestic consumption and exports of rice produced in the United States, the Commodity Credit Corporation, under such rules and regulations as the Secretary may prescribe, is authorized and directed for the period beginning August 1, 1986, and ending July 31, 1990, to make payments through the issuance of payment-in-kind certificates to first handlers of rice (persons regularly engaged in buying and/or selling rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program) in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for domestic consumption or for export at prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis. The value of such certificate shall be based on the difference between the loan rate as determined in Section 601 and the prevailing world market price as determined by the Secretary pursuant to a published formula submitted for public comment. The Commodity Credit Corporation may, under regulations prescribed by the Secretary, assist the persons receiving payment-in-kind certificates under this section in the redemption (for cash), or marketing or exchange of such certificates for rice or other commodities or agricultural products owned by the Commodity Credit Corporation, at such times, in such manner and at such price levels as the Secretary determines will best effectuate the purposes of the program authorized by this section. Insofar as practicable the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges as determined by the Secretary shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation. The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates from adversely affecting the income of producers of such commodities or products. Under regulations prescribed by the Secretary, certificates issued to rice handlers pursuant to the foregoing provisions of this section may be transferred to other handlers and persons approved by the Secretary. For any year for which a payment-in-kind program is in effect pursuant to this section, the Secretary shall provide for the average market prices for such year or period to be increased for purposes of calculating the loan level under Section 502 by the average rate of such payment for such year or period if such average market prices are below the loan level for such year or period."

Amendment to Title V of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 121, line 12, delete the word "substantially."

2. On page 121, line 16, delete "15" and insert in lieu thereof "20."

Amendment to Title V of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 133, change line 1 to read as follows:

   "ensure making progress toward achievement
   of the goal set forth in clause (ii) the"

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Combest

Page 128, line 21, immediately after "paragraph (1)" insert "or the loan level is reduced below $0.55 per pound in accordance with the third sentence of paragraph (1)", and on page 129, line 1 after the words "not been made" insert "or as if the reduction below $0.55 had not been made under the third sentence of paragraph (1)".

AMENDMENT TO TITLE V OF H.R. 2100
(as reported by the Subcommittee)
Offered by Mr. Huckaby

On page 142, after line 19, insert the following new section:

"Sec. 507. Notwithstanding any other provision of law, whenever the world price (adjusted to U.S. qualities and location) as determined by the Secretary is below the loan rate determined under Section 502, in order to make U.S. cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such rules and regulations as the Secretary may prescribe, is authorized and directed for the period beginning August 1, 1986, and ending July 31, 1990, to make payments through the issuance of payment-in-kind certificates to first handlers of cotton (persons regularly engaged in buying and/or selling upland cotton who have entered into an agreement with the Commodity Credit Corporation to participate in the program) in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at prices consistent with the purposes of this section, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis. The value of such certificate shall be based on the difference between the loan rate as determined in Section 502 and the prevailing world market price as determined by the Secretary pursuant to a published formula submitted for public comment. The Commodity Credit Corporation may, under regulations prescribed by the Secretary, assist the persons receiving payment-in-kind certificates under this section in the redemption (for cash), or marketing or exchange of such certificates for upland cotton or other commodities or agricultural products owned by the Commodity Credit Corporation, at such times, in such manner and at such price levels as the Secretary determines will best effectuate the purposes of the program authorized by this section. Insofar as practicable the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges as determined by the Secretary shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation. The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates from adversely affecting the income of producers of such commodities or products. Under regulations prescribed by the Secretary, certificates issued to cotton handlers pursuant to the foregoing provisions of this section may be transferred to other handlers and persons approved by the Secretary. For any year for which a payment-in-kind program is in effect pursuant to this section, the Secretary shall provide for the average market prices for such year or period to be increased for purposes of calculating the loan level under Section 502 by the average rate of such payment for such year or period if such average market prices are below the loan level for such year or period."

Amendment to Title VI of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 143, line 17, delete the word "substantially."

2. On page 143, line 21, delete "15" and insert in lieu thereof "20."

Amendment to Title VI of H.R. 2100
(as reported by the Subcommittee)

offered by Mr. Huckaby

1. On page 152, change lines 5 and 6 to read as follows: "then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii) of this subparagraph, the"

AMENDMENT TO TITLE VI OF H.R. 2100
(as reported by the Subcommittee)
Offered by Mr. Huckaby

On page 160, after line 6, insert the following new section:

"Sec. 602. Notwithstanding any other provision of law, whenever the world price (adjusted to U.S. qualities and location) as determined by the Secretary is below the loan rate determined under Section 601, in order to make U.S. rice competitive in world markets and to maintain and expand domestic consumption and exports of rice produced in the United States, the Commodity Credit Corporation, under such rules and regulations as the Secretary may prescribe, is authorized and directed for the period beginning August 1, 1986, and ending July 31, 1990, to make payments through the issuance of payment-in-kind certificates to first handlers of rice (persons regularly engaged in buying and/or selling rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program) in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for domestic consumption or for export at prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis. The value of such certificate shall be based on the difference between the loan rate as determined in Section 601 and the prevailing world market price as determined by the Secretary pursuant to a published formula submitted for public comment. The Commodity Credit Corporation may, under regulations prescribed by the Secretary, assist the persons receiving payment-in-kind certificates under this section in the redemption (for cash), or marketing or exchange of such certificates for rice or other commodities or agricultural products owned by the Commodity Credit Corporation, at such times, in such manner and at such price levels as the Secretary determines will best effectuate the purposes of the program authorized by this section. Insofar as practicable the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges as determined by the Secretary shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation. The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates from adversely affecting the income of producers of such commodities or products. Under regulations prescribed by the Secretary, certificates issued to rice handlers pursuant to the foregoing provisions of this section may be transferred to other handlers and persons approved by the Secretary. For any year for which a payment-in-kind program is in effect pursuant to this section, the Secretary shall provide for the average market prices for such year or period to be increased for purposes of calculating the loan level under Section 502 by the average rate of such payment for such year or period if such average market prices are below the loan level for such year or period."

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 23, 1985

(~~Sub~~) Committee: Full

Meeting: Business -- a.m.

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 11:05 a.m. o'clock, in Room 1301 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Tallon
Mr. Thomas
Mr. Olin
Mr. Stallings
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
Gene Moos, Subcommittee Staff Director

Mike Neruda, Minority Consultant
Peggy Pecore, Clerk
Glenda Temple, Staff Assistant
William E. O'Conner, Assistant Minority Staff Director
Mr. Steve Adams, Staff Assistant

Witnesses:

Present to respond to Member's questions:

1. Mr. Robert Weinhagen, Office of House Legislative Counsel
2. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
3. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA
4. Mr. Wayne Bjorlie, Office of Budget and Program Analysis, USDA

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1[illegible]

Tuesday, July 23, 1985
Full Committee
Business Meeting - a.m.
Food Security Act of 1985
H.R. 2100 and Committee Print

Chairman de la Garza called the meeting to order for the purpose of further consideration of the Food Security Act of 1985.

The Committee discussed the budgetary situation and the costs of the various proposals that were slated to come before it. Staff was asked to obtain further figures on the proposals as well as figures on anticipated farm revenue. Staff was also asked to try to obtain figures as contained in Senate and White House proposals.

The Committee then discussed how to proceed with the markup of the wheat section with H.R. 2100 being considered original text. The Chairman proposed that the Subcommittee report be considered original text for purposes of amendment with the Foley amended version to be offered as the first amendment. He further proposed that the Stangeland et. al. proposal be considered as an amendment to the Foley amendment; the English proposal as a substitute amendment; and the Bedell proposal as an amendment to the substitute. He assured Members that they would have an opportunity to offer further amendments to whatever proposal was approved.

Discussion occurred and Mr. Volkmer asked unanimous consent that the Committee perfect each amendment as it was considered. Objection was heard that such a proposal, if approved, would lengthen the markup. Without objection Mr. Volkmer withdrew his request.

Chairman de la Garza announced that the Committee would follow the Rules of the House and the Committee and consider the Stangeland amendment to the Foley amendment, further amendments to the Foley amendment, the Bedell amendment to the English substitute amendment, and the English substitute amendment and any further amendments thereto.

At 12:00 noon the meeting was adjourned to reconvene at 2:00 p.m. this date to begin considering amendments to the wheat title of the Food Security Act.

Peggy L. Pecore
Peggy L. Pecore

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 23, 1985

(~~Sub~~) Committee: Full

Meeting: Business Meeting -- p.m.

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 2:05 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Hatcher
Mr. Staggers
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
Gene Moos, Subcommittee Staff Director

Mike Neruda, Minority Consultant
Peggy Pecore, Clerk
Glenda Temple, Staff Assistant
Carol Dubard, Staff Assistant
William E. O'Conner, Assistant Minority Staff Director
Charles Hilty, Minority Staff Director

Witnesses:

Present to respond to Members questions:

1. Mr. Robert Weinhagen, Office of House Legislative Counsel

2. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

3. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

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Action Taken:

-- Without objection, Foley request that four items contained in the Committee Print be included in his amendment agreed to.

-- Without objection, Foley unanimous consent request to delete the provision whereby producer participation in deficiency payment would be reduced by the amount of conservation reserve annual payment agreed to.

-- Without objection Glickman unanimous consent request to reform Stangeland-Glickman-Daschle-Roberts amendment agreed to.

Chairman de la Garza called the meeting to order. Mr. Roberts questioned representatives of the Department of Agriculture concerning administration action on the emergency appropriation for the Commodity Credit Corporation. The Committee was advised that the President had not signed the bill, as yet. Several Members joined in the discussion and urged prompt action on the legislation.

Mr. Foley, Chairman of the Subcommittee on Wheat, Soybeans, and Feed Grains, was recognized to explain the provisions of the wheat title as reported by the Subcommittee. Mr. Foley then offered the attached amendment and explained its provisions.

Mr. Foley asked unanimous consent that the so-called Penny amendment which would provide for loans to be made on the basis of average yield, as reflected on page 48 of the Committee Print, be included in the amendment. Without objection the motion was agreed to.

Mr. Foley then asked that the Marlenee target price amendment, as reflected on page 52 of the Committee Print, also be included. The proposal provided for a 13-cent per bushel reduction in the wheat target price to help finance the wheat export certification program. Without objection the motion was agreed to.

Mr. Foley asked unanimous consent that the Bedell prevented planting disaster payment provision, as reflected on page 55 of the Print, which allows disaster payments where planning is prevented under certain circumstances, be included as part of the amendment. Without objection the motion was agreed to.

Mr. Foley asked unanimous consent that the so-called Roberts early announcement amendment, contained on pages 59 and 60 of the Print, be included as part of the amendment. Without objection the motion was agreed to.

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Mr. Madigan expressed concern with the item referred to in the last line of the Foley explanation whereby producer participation in the producer's deficiency payment would be reduced by the amount of the conservation reserve annual payment. Discussion occurred and Mr. Foley asked unanimous consent to delete the provision. Without objection the motion was agreed to.

Discussion occurred and it was decided that it would be helpful to see all of the proposals. Mr. English offered the attached amendment as a substitute to the Foley amendment (explanation also attached). Mr. Bedell offered the attached amendment to the English substitute amendment. Mr. Stangeland on behalf of himself, Mr. Glickman, Mr. Daschle, and Mr. Roberts offered the attached amendment to the Foley amendment. Each of the authors explained the provisions of their proposed wheat programs and discussion continued.

Mr. Glickman asked unanimous consent that page 3 of the Stangeland-Glickman-Daschle-Roberts amendment be changed to reflect a wheat threshold of 10 acres rather than 15 acres. There was no objection and discussion continued.

During the proceedings recesses were taken at 1:08 and 4:40 p.m. to enable Members to respond to recorded votes on the House floor. At 5:30 p.m. the meeting was adjourned to reconvene at 9:30 p.m. on Wednesday, July 24. Prior to adjourning Mr. Foley moved the previous question on the Stangeland amendment whereby the pending business at the next meeting would be a vote on the Stangeland-Glickman-Daschle-Roberts amendment.

Peggy L. Pecore
Peggy L. Pecore

SUMMARY OF FOLEY-MARLENEE WHEAT AND FEED GRAINS AMENDMENT

Loan Rates

1986-1989 loan rates would be set by the formula provided for in the Subcommittee Report: Loan rates for grains would be set annually by the Secretary of Agriculture at between 75 and 85 percent of the average domestic market price for the crop during three of the past five years (disregarding the high and low years in the period), but the basic loan rate could not be reduced by more than 5 percent in any one year. Also the proposal would continue a feature of existing law -- the so-called Findley Amendment -- giving the Secretary discretionary authority to make a further reduction in the loan rate of up to 20 percent following those years in which market prices have not risen above the loan by at least 5 percent. If the Secretary were to initiate both of these loan authorities to the maximum for the 1986 crop, the minimum wheat loan level would be $2.47 per bushel and corn $1.91 per bushel. If the Secretary uses the Findley provision, loan rates would snapback to levels as determined by annual adjustment formula.

Target Prices

The 1986 and 1987 wheat and feed grain target price levels would be frozen at the 1985 levels of $4.38 and $3.03 per bushel, respectively. The 1988 and 1989 target price levels for wheat and feed grain would be set annually by the Secretary of Agriculture at between 110 and 125 percent of the average domestic market price for the crop during three of the past five years (disregarding the high and low years in the period), but the target price could not be reduced by more than 5 percent in any one year. The producer would receive target price payments on the same basis that exists under present law.

Production Control

To be eligible for program benefits in 1986, wheat producers would have to idle a minimum of 30 percent of production base acreage. Feed grain producers would be required to idle a minimum of 20 percent. Producer participation in the Conservation Reserve would count as acreage reduction but the producer's deficiency payment would be reduced by the amount of the Conservation Reserve annual payment.

Foley Amendment

AMENDMENT IN THE NATURE OF A SUBSTITUTE FOR TITLE III (WHEAT)

Viz: In the Substitute of the Subcommittee for the text of H.R. 2100, as contained in Book I of the Committee Print, strike out line 14 on page 47 and all that follows down through the end of line 5 on page 69, and insert in lieu thereof the following:

TITLE III -- WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 301. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law--

"(a) The Secretary shall make available to producers loans and purchases during each of the four marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel -- not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat: *Provided*, That the level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loan and purchases made under the following sentence). Notwithstanding the foregoing provisions of this subsection, if the Secretary determines that the average price of wheat received by producers in any marketing year (including the marketing year for the 1985 crop of wheat) is not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchases for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

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"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection. Payments for any crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of --

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or "(ii) the loan level determined under subsection (a) of this section, prior to any adjustment made under the second sentence in subsection (a), for the marketing year for such crop of wheat.

"(C) The established price →

→ for the 1986 and 1987 crops of wheat shall be $4.38 per bushel, and for each of the 1988 and 1989 crops of wheat → shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period: Provided, That the established price for a crop of wheat → may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of wheat. The simple average market price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the second sentence in subsection (a) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1031 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any

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disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm

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program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to

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such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through ~~[illegible]~~ 1989 crops of wheat. The proclamation shall be made not later than August 15 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will mates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the wheat acreage base established for the farm for the crop under title VI of this Act by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the wheat acreage base established for the farm for the crop under title VI of this Act, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of wheat shall be the program yield established for the farm for the crop under title VI of this Act.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B) of this paragraph, the Secretary may provide for any crop of wheat either a program under which the acreage planted to wheat would be limited as described in paragraph (2) of this subsection or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than August 15 prior to the calendar year in which the crop is harvested.

"(B)(i) For the 1986 crop of wheat, the Secretary shall provide for an acreage limitation program as described under paragraph (2) under which the acreage on the farm planted to wheat for harvest would be limited to the wheat acreage base for the farm for the crop reduced by a total of 30 per centum.

"(ii) With respect to any of the 1987 through 1989 crops of wheat, if the Secretary estimates—not later than August 15 of the year prior to the calendar year in which the crop is harvested—that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 [redacted] bushels, the Secretary (i) shall provide for an acreage limitation program, as described under paragraph (2) of this subsection, under which the acreage planted to wheat for harvest on a farm would be limited to the wheat acreage base for the farm for the crop reduced by not less than 20 per centum, and (ii) may provide for a paid diversion program, as described under paragraph (5) of this subsection or an additional acreage limitation, for any desired reduction in planted acreage in excess of 20 per centum of the wheat acreage base for the farm. As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if implemented by the Secretary, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the wheat acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. The wheat acreage base for any farm for any crop for the purpose of determining any reduction required to be made for a crop as the result of a limitation imposed under this paragraph shall be determined under title VI of this Act. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of wheat, subsection (c) of this section shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conser-

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vation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4)(A) Producers may use wheat acreage on the farm devoted to conserving uses under the conservation reserve program (established under title XII of the Food Security Act of 1985) to meet requirements under paragraphs (2) and (3) of this subsection for the devotion of acreage on the farm to conserving uses, except that if the producers on the farm exercise such option, the land retirement payments received by the producers on such acreage under the conservation reserve program for the crop year involved shall be considered to be wheat deficiency payments for the purposes of the payment limitation under section 1031 of the Food Security Act of 1985. However, the producers may, in the alternative, decline receipt of such payments.

"(B) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to

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conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit of the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with producers on

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the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2) of this section, but may be required if a set-aside program is established under subsection (e)(3) of this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 302. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1989.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 305. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

SUMMARY OF THE STANGLEAND-GLICKMAN-DASCHLE-ROBERTS AMENDMENT

LOANS AND LOAN RATES

°marketing recourse loans redeemable at the lesser of the state (or county, if feasible) monthly (or weekly or daily, if feasible) average market price or the the original loan rates, which are, for 1986:

°wheat — $3.14
°corn -- $2.42

°difference between the original loan rate and redemption value paid for all grain produced but not applied to deficiency payment limitation

°loan rates adjusted after 1986 according to the formula in the Committee print, of not less than 95% than the previous year's level

°discretionary authority to offer nonrecourse loans, at the same rate as marketing loans and with 20% Findley Amendment provisions, so long as the Secretary determines they will not interfere with the marketing loan program

TARGET PRICES AND DEFICIENCY PAYMENTS

°target prices set at a constant rate for the life of the bill at:

°wheat — $5.00 per bushel for the first 10,000 bushels
$4.00 per bushel over 10,000 bushels

°corn — $3.45 per bushel for the first 20,000 bushels
$2.75 per bushel over 20,000 bushels

°deficiency payments made on 50% of the acreage base production

°no target price payments to producers with less than 15 acres base

PROGRAM ANNOUNCEMENTS AND DISASTER PAYMENTS

°provides for early announcement of wheat and feed grains programs — July 1 for wheat and September 30 for feed grains — as adopted in Subcommittee

°allows disaster payments to be made in-kind, as well as in cash, provided that farmers can not get prevented planting and disaster payments on their crop acreage specifically, as adopted in Subcommittee

AN AMENDMENT TO THE FOLEY-MARLENEE SUBSTITUTE

FOR TITLE III AND TITLE IV OF THE COMMITTEE PRINT OF HR 2100

OFFERED BY

MESSRS. STANGELAND, GLICKMAN, DASCHLE, AND ROBERTS

The amendment in the nature of a substitute to Title III and Title IV of the Committee Print of HR 2100 is amended by --

"1) in the section of the amendment in the nature of a substitute for Title III --

"a) on page 2, after line 9, striking all through the end of page 3 and inserting in lieu thereof the following --

"(a)(1)(A) The Secretary shall make available recourse loans to producers during each of the four marketing years for wheat, beginning with the marketing year for the 1986 crop, at a level per bushel -- not less than 75 percent nor more than 85 percent of the simple average price per bushel received by farmers, as determined by the Secretary, during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. Provided, That the level of wheat loans and purchases for a marketing year, including the 1986 marketing year, may not be established under the foregoing formula at a level that is less than 95 percent of the level of loans and purchases for the preceding marketing year, as determined prior to any reduction in the level of loans and purchases made under the proviso in paragraph (2) of this subsection. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this subsection shall be 270 days.

"(B) A producer may repay a loan made under paragraph (1)(A) of this subsection at a level that is the lesser of --

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer sells the wheat under loan --

"(a) the then current State monthly weighted average market price for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(b) the then current State weekly or daily weighted average market price for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is (i) administratively feasible and (ii) reduces the fluctuation in the repayment market price for producers.

"(2) The Secretary may make nonrecourse loans and purchases available to producers at a rate not less than that determined in paragraph (1)(A) of this subsection if the Secretary determines that the availability of nonrecourse loans will not have an adverse effect on the recourse loan program provided for in paragraph (1)(A) of this subsection. Provided, That notwithstanding the foregoing provisions of this paragraph, if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchase made available under this paragraph for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per cent of the level of loans and purchases for the preceding marketing year.";

"b) on page 4, line 1 striking all through the end of page 5 and inserting in lieu thereof the following --

"(b)(1)(A) The Secretary shall make available payments to producers for each of the 1986 through 1989 crops of wheat in an amount as computed as provided in this subsection, except that the Secretary shall not make available payments under this paragraph to any producer with a wheat acreage base of less than 15 acres for the crop. Payments for each crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) 50 percent of the wheat acreage base for the farm for that crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate shall be the amount by which the established price exceeds the higher of —

"(i) the national weighted average market price received by producers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level as determined under subsection (a)(1) of this section, prior to any adjustment made under the proviso in subsection (a)(2), for such crop.

"(C) For each crop of wheat, the established price shall not be less than the following levels for each farm:

"(i) $5.00 per bushel for any portion of the crop produced on each farm that does not exceed ten thousand bushels and

"(ii) $4.00 per bushel for any portion of the crop produced on each farm that exceeds ten thousand bushels.";

"c) on page 6, line 3 and line 4, striking "the second sentence in subsection (a)" and inserting in lieu thereof the following --

"the proviso in subsection (a)(2)";

"d) on page 7, line 19, after the "." adding the following new sentence ---

"Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.";

"e) on page 8, striking lines 7 through 10 and inserting in lieu thereof the following —

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) of this paragraph if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) of this paragraph if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.";

"f) on page 11, line 23, after the "." striking all through line 26 and inserting in lieu thereof the following —

"The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than July 1 prior to the calendar year in which the crop is harvested. Provided, That the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.";

"f) on page 12, line 8, striking "August 15" and inserting in lieu thereof the following --

"July 1" and

"2) in the section of the amendment in the nature of a substitute for Title IV —

"a) on page 1A, after line 8 striking all through page 3, line 8 and inserting in lieu thereof the following --

"(a)(1)(A) The Secretary shall make available recourse loans to producers during each of the four marketing years for corn, beginning with the marketing year for the 1986 crop, at a level per bushel -- not less than 75 percent nor more than 85 percent of the simple average price per bushel received by farmers, as determined by the Secretary, during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will encourage the exportation of corn and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn: Provided, That the level of corn loans and purchases for a marketing year, including the 1986 marketing year, may not be established under the foregoing formula at a level that is less that 95 percent of the level of loans and purchases for the preceding marketing year, as determined prior to any reduction in the level of loans and purchases made under the proviso in paragraph (3) of this subsection. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this subsection shall be 270 days.

"(2) The Secretary shall make available to producers recourse loans for each of the 1986 through 1989 crops of grain sorghums, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that recourse loans are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(B) A producer may repay a loan made under paragraph (1)(A) and paragraph (2) of this subsection at a level that is the lesser of --

"(i) the original loan level; or

"(ii) at any time through the date of maturity of the loan that the producer sells the corn under loan --

"(a) the then current State monthly weighted average market price for corn, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(b) the then current State weekly or daily weighted average market price for corn, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is (i) administratively feasible and (ii) reduces the fluctuation in the repayment market price for producers.

"(3) The Secretary may make nonrecourse loans and purchases available to producers at a rate not less than that determined in paragraph (1) and paragraph (2) of this subsection if the Secretary determines that the availability of nonrecourse loans will not have an adverse effect on the recourse loan program provided for in paragraph (1) and paragraph (2)(B) of this subsection. Provided, That notwithstanding the foregoing provisions of this paragraph, if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchase made available under this paragraph for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 percent of the level of loans and purchases for the previous marketing year.";

"b) on page 3, after line 8 striking all through the end of page 4 and inserting in lieu thereof the following —

"(b)(1)(A) The Secretary shall make available payments to producers for each of the 1986 through 1989 crops of corn, grain sorguhms, oats, and if designated by the Secretary, barley in an amount as computed as provided in this subsection, except that the Secretary shall not make available payments under this paragraph to any producer with a feed grains acreage base of less than 15 acres for the crop. Payments for any crop of feed grains shall be computed by multiplying (i) the payment rate, by (ii) 50 percent of the feed grain acreage base for the farm for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate shall be the amount by which the established price exceeds the higher of —

"(i) the national weighted average market price received by producers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level as determined under subsection (a)(1) of this section, prior to any adjustment made under the proviso in subsection (a)(3), for such crop.

"(C) For each crop of corn, the established price shall not be less than the following levels for each farm:

"(i) $3.45 per bushel for any portion of the crop produced on each farm that does not exceed twenty thousand bushels and

"(ii) $2.75 per bushel for any portion of the crop produced on each farm that exceeds twenty thousand bushels.";

"c) on page 5, lines 3 and 4 striking "the second sentence in subsection (a)(1)" and inserting in lieu thereof the following --

"the proviso in subsection (a)(3)";

"d) on page 6, on line 15, after the "." adding the following new sentence --

"Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.";

"e) on page 7, striking lines 3 through 6 and inserting in lieu thereof the following --

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) of this paragraph if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) of this paragraph if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.";

"f) on page 10, line 21, after the "." striking all through line 24 and inserting in lieu thereof the following --

"The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than September 30 prior to the calendar year in which the crop is harvested. Provided, That the Secretary may make appropriate adjustments in such announcement for the feed grain acreage limitation program or the set-aside program not later than October 30 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the earlier anouncement.";

"g) on page 11, line 9, striking "November 15" and inserting in lieu thereof --

"September 30"."

Substitute amendment by Mr. English (Wheat marketing loan):

Viz: Strike out the text of the Foley amendment and insert, in lieu thereof, the following:

Amend Title III of the Comparative Print, Reported by Subcommittees, Book 1, as follows:

1. On page 48, line 1, through page 49, line 17, delete all of Subsection 107D (a)(1) and substitute therefor the following:

"(a)(1) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such a level, not less than $3.30 per bushel, as the Secretary determines will maintain the competetive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat."

2. On page 49, line 23, through page 51, line 14, delete Subsection 107D (a)(2) and substitute therefor the following:

"(2) The Secretary shall establish a program for any crop of wheat under which producers with loans under this subsection may repay the loans at a level that is less than the original loan level under regulations issued by the Secretary which require the Secretary to set the repayment levels for loans under such program by State, on a monthly basis, which level for a State shall be the then current State monthly weighted average market price for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary."

3. On page 51, line 20, replace clause (ii) of Subsection 107D (b)(1)(A) with the following:

"(ii) the wheat program acreage base for the farm for the crop,".

4. On page 51, line 24, add to Subsection 107D (b)(1)(A) the following sentence:

"In no event may payments be made to a producer who has not redeemed loans made for the crop of wheat under provisions of Subsection (a)(1)."

5. On page 52, line 9, delete the words "the first five months of".

6. On page 52, line 13, change the comma after the word "section" to a period and delete the remainder of clause (ii) on lines 14 and 15.

7. On page 52, line 23, change the figure "$5" to "$4.75."

8. On page 53, line 19, through page 54, line 5, delete Subsection 107D (b)(1)(D) and renumbering following subsection to conform.

9. On page 61, line 7, in Subsection 107D (d)(1)(B) change the period after the words "for the farm" to a colon and adding the following:

"Provided, That the total reduction under the acreage limitation program in clause (i) and the paid diversion

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English Amendment (Wheat marketing loan)

program in clause (ii) shall be 35 per centum of the acreage base for the farm in any year when the Secretary determines a lesser percentage of reduction will result in the quantity of wheat on hand on the first day of the marketing year for that crop being in excess of 800,000,000 bushels."

Effect of English wheat marketing loan amendments:

1. Establishes the loan rate at a minimum of $3.30 and removes authority of the Secretary to reduce the rate (Findley amendment).
2. Requires the Secretary to establish a marketing loan redemption program. Deletes PIK bonus program.
3. Computes deficiency payments on total base instead of half the base.
4. Requires farmer to redeem loans in order to receive payments.
5. Sets the full marketing year as the period for determining deficiency payments. This is needed to make the requirements of amendment 4 workable.
6. Removes language dealing with Findley amendment.
7. Sets target price at $4.75.
8. Deletes language dealing with Findley amendment.
9. Requires 35 percent acreage reduction unless a lesser percentage will bring the carryover to 800,000,000 bushels or less.

Bedell Amd

PROPOSAL FOR VOLUNTARY
CERTIFICATE PROGRAM FOR WHEAT AND FEED GRAINS

Objective

This proposal is offered as an alternative to both the marketing loan and mandatory programs embodied in the Committee Print for wheat and feed grains. It is intended (1) to allow export prices to become competitive while (2) offering the hope for higher farm income and (3) remaining within the levels provided in the budget resolution.

Marketing Certificates

Producers of wheat and feed grains who participate in annual acreage reduction programs would be eligible for, in addition to a price support loan on their crops, a marketing certificate equal to the program yield x allowable planted acres for their farm.

All wheat and feed grains sold domestically (including imported grain) must be accompained by a marketing certificate. Producers who do not participate in acreage reduction programs could not receive a marketing certificate for their crop and thus would be required either to consume their production on their own farm (e.g., feed the grain to livestock) or sell the grain only for export at world prices.

Grain accompanied by a marketing certificate, if not sold domestically, would, if exported, be entitled to a subsidy equal to the difference between its domestic market value and the world price. The subsidy would be provided to the exporter as an in-kind payment from CCC stocks or in cash; commodities provided as in-kind export subsidies must be exported.

Marketing certificates would not be transferable unless they accompany the wheat or feed grains marketed.

Acreage Reduction Requirements

The Secretary must announce the acreage reduction requirement for each commodity as he does under current law, taking into account likely program participation and estimated supply and demand. However, specific acreage reduction levels or carryover targets could be mandated similar to the provisions of the mandatory programs contained in the Committee Print. Producer participation in each annual wheat or feed grain program would be voluntary.

The current soybean program would remain unchanged.

Minimum Price Support Loan Levels

The minimum loan levels for wheat and feed grains would be $4.50/bushel for wheat and $3.25/bushel for corn for each year 1986 through 1989.

Export Subsidies

All wheat and feed grains that are exported -- and accompanied by a marketing certificate -- would be eligible for cash or in-kind export subsidies. The Secretary would be required to announce the value of the export subsidies daily, based on the difference between domestic and world prices for each commodity.

AMENDMENT TO THE ENGLISH AMENDMENT

by Mr. Bedell

On Page 1, strike out "at such a level" on line 7 and all that follows through the end of line 5 on page 3, and insert in lieu thereof the following:

"produced on the farm equal to the acreage on the farm which may be planted to wheat for harvest times the farm program payment yield for the crop, except as otherwise provided in title V of this Act. Loans and purchases shall be made available during each of the four marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, except as otherwise provided in title V of this Act, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat: Provided, that the level of wheat loans and purchases for the 1986 through 1989 marketing years may not be less than $4.50 per bushel of wheat.

"(b)(1) The Secretary shall make available to producers marketing certificates for each of the 1986 through 1989 crops of wheat for which marketing quotas are not in effect. The amount of such marketing certificate made available to a producer shall equal an amount of wheat produced on the farm equal to the acreage on the farm which may be planted to wheat times the farm program payment yield for the crop.

"(2) A marketing certificate applicable to a marketing year issued to a producer of wheat shall authorize such producer to market, barter, or donate, during such marketing year an amount of such wheat equal to the amount of such marketing certificate. Wheat may not be marketed, bartered, or donated without a marketing certificate, except that wheat not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Wheat accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such wheat as provided in section 1123 of this Act.

"(4) If for any crop, wheat that the producer harvests exceeds the amount of the commodity that may be marketed, bartered or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty in the succeeding marketing year to the extent that (1) the total amount of such wheat available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producer for that crop, and (2) the total amount of such wheat available for marketing in the succeeding marketing year (that is, the sum of the amount of such wheat carried over and the amount of such wheat produced on the farm eligible for marketing certificates in the succeeding marketing year) does not exceed the amount of marketing certificates made available to the producer for the succeeding marketing year.

"(5) Marketing certificates made available to producers of wheat shall not be transferable, except to the extent that such certificates accompany wheat that is marketed, bartered, or donated under paragraph (2) of this subsection.

"(6) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year may not be marketed, except as provided in paragraph (2) of this subsection, prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of wheat from a producer in excess of the amount of wheat that may be marketed, barted, or donated by such producer under a marketing certificate, except that wheat which must be exported may be acquired as provided under paragraph (2) of this subsection.

"(8) If marketing certificates for wheat are not made available to producers for any marketing year, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of such marketing year.

On Page 54 (Book 2), line 6, redesignate subparagraph (E) and all that follows accordingly.

On Page 54 (Book 2), line 6, strike "payments" and insert in lieu thereof "loans and purchases".

On Page 55 (Book 2), line 1 and on line 15, strike "established price" and insert in lieu thereof "level of loans and purchases".

On Page 68 (Book 2), after line 5, add a new section 302 and redesignate subsequent sections accordingly, as follows:

"PENALTIES

"SEC. 302 [redacted] (a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

"(2) Except as provided in subsection (c) of this section, if a producer markets, barters, or donates a commodity without a marketing certificate required under section 301 [redacted] of this subtitle or markets, barters, or donates an amount of a commodity for use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such producer in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated; or

"(B) decrease the number of acres of the producer's wheat, feed grain, or soybean crop acreage base such producer may devote to production [redacted] of this title for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

"(3) If a person knowingly purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 301 [redacted] of this [redacted]title, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

"(5) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

—6—

"(c) If the Secretary determines that the penalties provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

On Page 69 (Book 1), strike out line 6 and all that follows through line 4 on Page 76 and insert in lieu thereof the following:

TITLE IV -- FEED GRAINS

LOAN RATES, MARKETING CERTIFICATES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law--

"(a)(1) The Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1989 crops of feed grains for an amount of feed grains produced on the farm equal to the acreage on the farm which may be planted to feed grains for harvest times the farm program payment yield for the crop, except as otherwise provided in title V of this Act. Loans and purchases shall be made available during each of the four marketing years for such crops of feed grains, beginning with the marketing year for the 1986 crop, except as otherwise provided in title V of this Act, as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains: Provided, that the level of feed grains loans and purchases for the 1986 through 1989 marketing years may not be less than $3.25 per bushel of corn.

"(b)(1) The Secretary shall make available to producers marketing certificates for each of the 1986 through 1989 crops of feed grains for which marketing quotas are not in effect. The amount of such marketing certificate made available to a producer shall equal an amount of feed grains produced on the farm equal to the acreage on the farm which may be planted to feed grains times the farm program payment yield for the crop.

"(2) A marketing certificate applicable to a marketing year issued to a producer of feed grains shall authorize such producer to market, barter, or donate, during such marketing year an amount of such feed grains equal to the amount of such marketing certificate. Feed grains may not be marketed, bartered, or donated without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Feed grains accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such feed grains as provided in section 1123 of this Act.

"(4) If for any crop, feed grains that the producer harvests exceeds the amount of the commodity that may be marketed, bartered or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty in the succeeding marketing year to the extent that (1) the total amount of such feed grains available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producer for that crop, and (2) the total amount of such feed grains available for marketing in the succeeding marketing year (that is, the sum of the amount of such feed grains carried over and the amount of such feed grains produced on the farm eligible for marketing certificates in the succeeding marketing year) does not exceed the amount of marketing certificates made available to the producer for the succeeding marketing year.

"(5) Marketing certificates made available to producers of feed grains shall not be transferable, except to the extent that such certificates accompany feed grains that are marketed, bartered, or donated under paragraph (2) of this subsection.

"(6) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year may not be marketed, except as provided in paragraph (2) of this subsection, prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of feed grains from a producer in excess of the amount of feed grains that may be marketed, barted, or donated by such producer under a marketing certificate, except that feed grains which must be exported may be acquired as provided under paragraph (2) of this subsection.

"(8) If marketing certificates for feed grains are not made available to producers for any marketing year, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of such marketing year.

On Page 76 (Book 2), line 1, redesignate subparagraph (E) and that follows accordingly.

On Page 76 (Book 2),

--on line 1, strike "payment rate" and insert in lieu thereof level of loans and purchases";

--on line 2 and line 4, strike "rate" and insert in lieu thereof "level";

--on line 4, strike "payments" and insert in lieu thereof "loans and purchases";

--on line 5, strike "payments" and insert in lieu thereof "loans and purchases";

--on line 26, strike "established price" and insert in lieu thereof "level loans and purchases";

On Page 77 (Book 2), line 13, strike "established price" and insert in lieu thereof "level of loans and purchases".

On Page 90 (Book 2), after line 11, add a new section 402 and redesignate subsequent sections accordingly, as follows:

On Page 54 (Book 2), line 6, redesignate subparagraph (E) and all that follows accordingly.

On Page 54 (Book 2), line 6, strike "payments" and insert in lieu thereof "loans and purchases".

On Page 55 (Book 2), line 1 and on line 15, strike "established price" and insert in lieu thereof "level of loans and purchases".

On Page 68 (Book 2), after line 5, add a new section 302 and redesignate subsequent sections accordingly, as follows:

402

"PENALTIES

"SEC [redacted]. (a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

"(2) Except as provided in subsection (c) of this section, if a producer markets, barters, or donates a commodity without a marketing certificate required under section [redacted] (401) of this subtitle or markets, barters, or donates an amount of a commodity for use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such producer in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated; or

"(B) decrease the number of acres of the producer's wheat, feed grain, or soybean crop acreage base such producer may devote to production [redacted] of this title for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

"(3) If a person knowingly purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate issued under section [redacted] 401 of this [redacted] title, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalties provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 24, 1985

~~(Sub)~~ Committee: Full

met at 9:40 am o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, Tenn.
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Tallon

Mr. Staggers
Mr. Evans, Ill.
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Franklin
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Eugene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Howard Conley, Staff Economist
Carol Dubard, Staff Assistant
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk

Witnesses:

Present to respond to Member's questions:

Mr. Robert Weinhagen, Office of House Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

U.S. GOVERNMENT PRINTING OFFICE 83—19896-[illegible]

Wednesday, July 24, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--By rollcall vote of 20 yeas-22 nays, did not agree to the Stangeland-Glickman-Daschle-Roberts amendment, as refined, to establish a marketing loan program for wheat and feed grains.

Chairman de la Garza called the meeting to order to continue consideration of the Food Security Act of 1985.

A brief discussion occurred on the pending amendments offered by Mr. Foley and Mr. Stangeland, et al, prior to a vote on the Stangeland amendment, which had been ordered at the July 23, 1985, P.M. meeting. See Minutes of that date for these amendments.

The Chairman called for a vote on the Stangeland, et al amendment. After a voice vote and a division vote of 15 yeas-15 nays, Mr. Glickman requested a record vote. A sufficient number of Members (7) sustained his request and the clerk was directed to call the roll. The vote follows:

YEAS

1. Mr. Jones, Tenn.
2. Mr. Weaver
3. Mr. Bedell
4. Mr. English
5. Mr. Glickman
6. Mr. Daschle
7. Mr. Stenholm
8. Mr. Volkmer
9. Mr. Evans, Ill.
10. Mr. Penny
11. Mr. Coleman
12. Mr. Stangeland
13. Mr. Roberts
14. Mr. Gunderson
15. Mr. Combest
16. Mr. Hopkins
17. Mr. Whitley
18. Mr. Rose (proxy to Mr. de la Garza)
19. Mr. Coelho (proxy to Mr. Daschle)
20. Mr. Chappie (proxy to Mr. Stangeland)

Wednesday, July 24, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

NAYS

1. Mr. Foley
2. Mr. Panetta
3. Mr. Huckaby
4. Mr. Staggers
5. Mr. Thomas
6. Mr. Olin
7. Mr. Stallings
8. Mr. Bruce
9. Mr. Madigan
10. Mr. Marlenee
11. Mr. Emerson
12. Mr. Morrison
13. Mr. Evans, Iowa
14. Mr. Smith
15. Mr. Schuette
16. Mr. Jones, N.C. (proxy to Mr. de la Garza)
17. Mr. Brown (proxy to Mr. de la Garza)
18. Mr. Hatcher (proxy to Mr. de la Garza)
19. Mr. Jeffords (proxy to Mr. Madigan)
20. Mr. Franklin
21. Mr. Lewis (proxy to Mr. Madigan)
22. Mr. Tallon

By a vote of 20 yeas-22 nays, the Stangeland, et al amendment was not agreed to.

The Chairman recognized Mr. Bedell to explain his amendment to the English amendment, which would establish a voluntary certificate program for wheat and feed grains. See Minutes of July 23, 1985, P.M. for these amendments.

Mr. Bedell asked that copies of the Congressional Budget Office estimates (attached) of the cost of his proposal be distributed. General discussion occurred on his amendment and the differences between it and the other pending proposals.

Without objection, Chairman de la Garza announced the Committee would adjourn at 11:35 a.m. and reconvene at 2:00 p.m., this date, to allow Mr. Bedell and Mr. English equal time to debate the amendment, with a vote to be taken at 2:30 p.m.

Peggy Pecore

Peggy Pecore

DRAFT

B L PROPOSAL: MANDATORY SUPPLY CONTROL, 30 ARP WHEAT 20 ARP FEED GRAINS
LOAN RATES 5.03 FOR WHEAT AND 3.49 FOR CORN INCREASING .14 AND .10 PER YEAR
IN LATER YEARS.

CHANGE IN CCC OUTLAYS FROM BASELINE	1986	1987	1988	1989	1990	1986-88	1986-90
				(Millions of Dollars)			
FEED GRAINS	-263	-448	-270	143	1002	-961	164
WHEAT	-587	215	189	204	139	-183	160
TOTAL	-850	-233	-81	347	1141	-1164	324

BEDELL 2, SAME AS ABOVE EXCEPT LOAN RATES--4.50 FOR WHEAT AND 3.25 FOR CORN
LOAN RATES DO NOT INCREASE IN LATER YEARS

CHANGE IN CCC OUTLAYS FROM BASELINE	1986	1987	1988	1989	1990	1966-88	1986-90
				(Millions of Dollars)			
FEED GRAINS	-263	-1107	-1601	-1514	-1656	-2971	-6141
AT	-587	-688	-969	-699	-590	-2244	-3533
TOTAL	-850	-1795	-2570	-2213	-2246	-5215	-9674

III. EXPORT SUBSIDY WITH MANDATORY CONTROLS, 30% ARP 4.50 LOAN RATE

WHEAT CROP YEAR		1985	1986	1987	1988	1989
ARP	BASE	20	20	20	20	20
PC		10	10	10	10	10
ARP	OPTION	20	30	30	30	30
PC (% OF BASE ACRES)		10	0	0	0	0
PARTICIPATION	BASE	75	70	70	70	70
(% OF BASE ACRES)	OPTION	100	100	99	99	99
TARGET PRICE	BASE	4.38	4.38	4.38	4.38	4.38
($/BU)	OPTION	~~4.38~~	~~4.50~~	~~4.50~~	~~4.50~~	~~4.50~~ NO DEFICIENCY PAYMENTS
LOAN RATE	BASE	3.30	3.30	3.30	3.30	3.30
($/BU)	OPTION	3.30	4.50	4.50	4.50	4.50
FARM PRICE	BASE	3.35	3.30	3.40	3.40	3.45
($/BU)	OPTION	3.35	4.52	4.52	4.52	4.52
		(MILLION BUSHELS)				
PRODUCTION	BASE	2554	2596	2611	2657	2696
	OPTION	2554	2413	2464	2544	2628
EXPORTS	BASE	1452	1477	1527	1577	1627
	OPTION	1452	1611	1652	1726	1800
TOTAL USE	BASE	2414	2449	2509	2569	2629
	OPTION	2414	2413	2464	2544	2628
END STKS	BASE	1554	1705	1809	1900	1971
	OPTION	1554	1557	1560	1563	1566

FISCAL YEAR	1986	1987	1988	1989	1990
	(MILLION DOLLARS)				
NET LENDING	0	-1230	-1249	-1169	-1177
DIRECT PAYMENTS	-587	543	280	471	587
TOTAL SAVINGS	-587	-688	-969	-699	-590

FY 1986-88 -2244 FY 1986-90 -3533

BEDELL EXPORT SUBSIDY WITH MANDATORY CONTROLS, 30% ARP, 4.50 LOAN RATE

	WHEAT		1982	1983	1984	1985	1986	1987	1988	1989	1990
	BASE ACRES		89.8	90.1	93.7	95.1	92.3	92.7	93.2	93.4	93.5
	OLD BASE METHOD						92.3	92.7	93.2	93.4	93.5
	ACREAGE REDUCTION		0.15	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.30
	DIVERSION %		0.00	0.05	0.10	0.10	0.00	0.00	0.00	0.00	0.00
	PIK %		0.00	0.25	0.20	0.00	0.00	0.00	0.00	0.00	0.00
	ARP PARTICIPATION		0.48	0.78	0.61	0.75	1.00	1.00	0.99	0.99	0.99
	PIK PARTICIPATION		0.00			0.00	0.00	0.00	0.00	0.00	0.00
	PART VS. NPART		1.23	1.10	1.03	1.13	1.54	1.39	1.47	1.51	1.38
	ACRES REDUCED (mil		5.8	8.8	10.7	14.3	27.7	27.8	27.7	27.7	27.8
	ACRES DIVERTED (mi		0.0	3.5	5.7	7.1	0.0	0.0	0.0	0.0	0.0
	ACRES DIVERTED PIK		0.0	17.7	3.7	0.0	0.0	0.0	0.0	0.0	0.0
	ACRES PLANTED WITH 100% PART						64.6	64.9	66.9	68.4	68.5
0.15	ACRES PLANTED (mil		86.2	76.4	79.2	74.5	64.6	64.9	66.9	68.4	68.5
	WEIGHTED PRICE						4.5	4.5	4.5	4.5	4.5
	ACRES HARVESTED (m		79.9	61.4	66.9	65.5	56.5	56.8	58.6	60.0	60.1
	ACRES PLANTED IN P		37.3	40.3	37.1	49.9	64.6	64.9	64.6	64.7	64.8
	% CROP ELIGIBLE		0.4	0.5	0.5	0.7	1.0	1.0	1.0	0.9	0.9
	% CROP ELIGIBLE FOR DEFICIENCY PAYMENTS						0.71	0.71	0.70	0.68	0.68
0.2	YIELD (bu/acre)		35.5	39.4	38.8	39.0	44.5	45.2	45.2	45.6	46.0
	PROGRAM YIELD		32.5	33.3	34.3	36.4	42.7	43.4	43.4	43.8	44.2
	BASELINE PROGRAM YIELD						37.4	38.	39.4	40.3	40.6
	BEGINING STOCKS (m		1159	1515	1398	1411	1554	1557	1560	1563	1566
	PRODUCTIO 2799.00		2765	2420	2595	2554	2413	2464	2544	2628	2652
	IMPORTS (mil bu)		8	4	5	3	3	3	3	3	3
	TOTAL SUPPLY (mil		3932	3939	3998	3968	3971	4025	4107	4194	4222
			0	0	0	0	-183	-294	-362	-406	-516
-1.7	FEED USE(mil. bu)				320	212	50	50	50	50	50
-0.01	FOOD USE(mil bu)				742	750	752	762	767	778	783
	TOTAL DOMESTIC USE		908	1112	1062	962	802	812	817	828	833
	EXPORT PRICE AFTER SUBSIDY						2.70	2.84	2.76	2.72	2.85
-0.5	EXPORTS (mil bu)		1509	1429	1525	1452	1611	1652	1726	1800	1820
	TOTAL USE (mil bu)		2417	2541	2587	2414	2413	2464	2544	2628	2652
			0	0	0	0	-36	-45	-25	-1	-37
	ENDING STOCKS (mil		1515	1398	1411	1554	1557	1560	1563	1566	1569
	FOR		1061	611	675	585	585	585	585	585	585
	CCC		192	188	395	605	605	605	605	605	605
-0.616	FREE		262	599	341	364	367	370	373	376	379
			0	0	0	0	-147	-249	-337	-404	-480
							1.00	1.00	1.00	1.00	1.00
	TOTAL DEMAND ELAS.			61		-0.33421	-0.32474	-0.31237	-0.30457	-0.29380	-0.28980
	PRICES ($/bu)										
	CPI		2.99	3.07	3.24	3.36	3.49	3.60	3.72	3.83	3.95
	DIVERSION RATE		0.00	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
	TARGET		4.05	4.30	4.38	4.38	4.50	4.50	4.50	4.50	4.50
	LOAN	3.20	3.55	3.65	3.30	3.30	4.50	4.50	4.50	4.50	4.50
	RESERVE	3.5	4.00	3.65	3.30	3.30	4.50	4.50	4.50	4.50	4.50

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 RELEASE PRICE          4.65    4.65    4.65    4.65    4.65    4.65    4.65    4.65    4.65
 PRICE CHANGE FROM BASE                  .00     .00    1.22    1.12    1.12    1.07    1.09
 FARM        3.65       3.55    3.54    3.43    3.35    4.52    4.52    4.52    4.52    4.52
5-MONTH PRICE           3.20    3.39    3.38    3.30    4.50    4.50    4.50    4.50    4.50
 DEFICIENCY PMT RA      0.50    0.65    1.00    1.06    0.00    0.00    0.00    0.00    0.00

                                                        3416    3263    3562    3789    3593
EXPORT SUBSIDY  ($ PER BUSHEL)                          1.82    1.68    1.76    1.80    1.67
EXPORT SUBSIDY ($MILLIONS)                              2932    2768    3045    3249    3047
DEFICIENCY PAYMT (       476     771    1119    1727       0       0       0       0       0
DIVERSION PAYMT ($         0     309     528     701       0       0       0       0       0
STORAGE PAYMT ($ m       201     177     170     167     155     155     155     155     155


WHEAT
FISCAL YEAR             1983    1984    1985    1986    1987    1988    1989    1990    1991
---------------------------------------------------------------------------------------------
NET LENDING
_____________________________________________________________________________________________

 9 MONTH LOANS OUT.                      113     285     452     452     452     452     452
 LOANS OUTSTANDING       966    1127     905     987    1154    1154    1154    1154     905
 LOANS MADE              671     452     540     509     513     516     524     534     601
 24% OF P  530.00        671     484     519     511     483     493     509     631     637
 LOANS RE  178.00        499     468     246     343     513     516     524     534     601
                                                           0       0       0       0       0
GROSS LOANS ($ mi       2583    1605    1662    1955    2307    2323    2359    2404    2703
LOANS REPAID ($ m       1705    1710     891     588    2307    2323    2359    2404    2703
NET LOANS ($ mil)        878    -104     772    1367       0       0       0       0       0
                                           0       0   -1230   -1249   -1169   -1177   -1705
DIRECT PAYMENTS ($ mil)
 EXPORT SUBSIDY PA       821     424    1982     864    2932    2768    3045    3249    3047
 DIVERSION               147     657     684      70       0       0       0       0       0
 STORAGE                 201     177     170     167     155     155     155     155     155
 OTHER                  1373    1382     301     253     178     198     212     215     219
 TOTAL                  2541    2640    3137    1354    3265    3120    3411    3620    3421
                                           0    -587     543     280     471     587     985
TOTAL OUTLAYS           3419    2536    3909    2721    3265    3120    3411    3620    3421


BASELINE(Feb. 11)       3419    2536    3909    3308    3952    4090    4110    4210    4140


SAVINGS(neg)               0       0       0    -587    -688    -969    -699    -590    -720

                        SAVINGS FY 86-88      -2244
                        SAVINGS FY 86-90      -3533
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ELL EXPORT SUBSIDY WITH MANDATORY SUPPLY CONTROLS, 20% ARP, 3.25 LOAN RATE

N	CROP YEAR	1985	1986	1987	1988	1989
ARP	BASE	10	10	10	10	10
CLD		0	5	5	5	5
ARP	OPTION	10	20	20	20	20
CLD (PERCENT OF BASE ACREAGE)		0	0	0	0	0
PARTICIPATION	BASE	56	48	45	44	42
(PERCENT OF BASE ACREAGE)	OPTION	56	93	81	77	73
TARGET PRICE	BASE	3.03	3.03	3.03	3.03	3.03
($/BU.)	OPTION	3.03	~~3.25~~	~~3.25~~	~~3.25~~	~~3.25~~
LOAN RATE	BASE	2.55	2.55	2.55	2.55	2.55
($/BU.)	OPTION	2.55	3.25	3.25	3.25	3.25
FARM PRICE	BASE	2.66	2.65	2.64	2.64	2.64
($/BU.)	OPTION	2.66	3.27	3.27	3.27	3.27
PRODUCTION	BASE	7857	8032	8024	8048	8080
(MILL. BU.)	OPTION	7858	7377	7525	7674	7819
EXPORTS	BASE	2119	2173	2226	2277	2327
(MILL. BU.)	OPTION	2119	2266	2324	2386	2441
END STK	BASE	1523	1524	1525	1526	1527
(MILL. BU.)		1523	1524	1525	1526	1527

NO DEFICIENCY PAYMENTS

	FISCAL YEAR	1986	1987	1988	1989	1990
OUTLAY SAVINGS				(MILLION $)		
CORN	NET LENDING	0	-881	-1019	-953	-1013
	DIRECT PAYMENTS	-218	-12	-282	-285	-343
	TOTAL	-218	-893	-1301	-1238	-1356
			1986-88	-2411	1986-90	-5006
ED GRAINS		-263	-1107	-1601	-1514	-1656
			1986-88	-2971	1986-90	-6141

BEDELL EXPORT SUBSIDY WITH MANDATORY SUPPLY CONTROLS, 20% ARP, 3.25 LOAN RATE

	CORN	1982	1983	1984	1985	1986	1987	1988	1989	1990
	BASE ACRES	81.30	83.00	81.40	82.00	83.50	84.50	85.00	85.50	86.00
	OLD BASE METHOD					83.50	84.50	85.00	85.50	86.00
	ACERAGE REDUCTION	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.20	0.20
	DIVERSION %	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	PIK %	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	ARP PARTICIPATION	0.29	0.58	0.55	0.56	0.93	0.81	0.77	0.73	0.73
	NET INCOME: PART VS NPART			1.23	1.26	1.51	1.42	1.46	1.46	1.45
	PIK PARTICIPATION	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	ACRES REDUCED (mil	2.1	4.4	4.2	4.6	15.5	13.7	13.1	12.5	12.6
	ACRES DIVERTED (mi	0.0	5.9	0.0	0.0	0.00	0.0	0.0	0.0	0.0
	ACRES DIVERTED PIK	0.0	21.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	PLANTED ACRES WITH 100% PART.					69.5	72.2	73.2	74.3	74.7
0.15	ACRES PLANTED (mil	81.9	60.2	79.8	82.1	69.5	72.2	73.2	74.3	74.7
	ACRES HARVESTED (m	72.7	51.4	71.1	73.1	61.9	64.2	65.2	66.1	66.5
	ACRES PLANTED IN P	21.5	15.9	40.6	41.4	62.1	54.8	52.4	49.9	50.2
	% CROP ELIGIBLE	0.3	0.3	0.5	0.5	0.9	0.8	0.7	0.7	0.7
	% CROP ELIGIBLE FOR DEFICIENCY PAYMENTS					0.60	0.59	0.58	0.58	0.58
0.20	YIELD (bu 108.90	113.2	81.0	105.9	107.6	121.7	119.5	120.2	120.7	122.2
	PROGRAM YIELD	102.0	104.0	105.0	102.0	119.2	117.1	117.8	118.3	119.7
	BASELINE PROGRAM YIELD				0.95	100.0	104.0	105.0	105.0	112.0
	BEGINING STOCKS (m	2174	3120	722	1125	1523	1524	1525	1526	1527
	PRODUCTION (mil bu	8235	4166	7527	7858	7377	7525	7674	7819	7960
	IMPORTS(mil bu)	1	2	1	1	1	1	1	1	1
	TOTAL SUPPLY (mil	10410	7286	8250	8964	8901	9050	9200	9346	9488
						-655	-914	-1044	-1064	-1071
-0.30	FEED USE (mil bu)	4522	3726	4000	4243	4013	4070	4123	4178	4229
-0.10	FOOD, SEED, ETC US	898	974	1050	1102	1098	1131	1165	1200	1234
	TOTAL DOMESTIC USE	5420	4700	5050	5345	5112	5201	5288	5378	5462
	EXPORT PRICE AFTER SUBSIDY					2.36	2.35	2.32	2.32	2.31
-0.40	EXPORTS (mil bu)	1870	1866	2075	2119	2266	2324	2386	2441	2498
	SUBSIDIZED EXPORTS					2030	1779	1730	1672	1715
	TOTAL USE (mil bu)	7290	6566	7125	7464	7377	7525	7674	7819	7960
	ERR					-239	-244	-240	-235	-282
	ENDING STOCKS (mil	3120	722	1125	1523	1524	1525	1526	1527	1528
	FOR 1612.30	1550	425	460	652	652	652	652	652	652
	CCC 302.00	1150	201	213	284	284	284	284	284	284
-0.80	FREE 674.00	420	96	452	587	588	589	590	591	592
		43	11	16		-415	-670	-804	-829	-789
	TOTAL DEMAND ELAS.					-0.32	-0.31	-0.30	-0.29	-0.32
	PRICES ($/bu)									
	CPI 2.89	2.98	3.08	3.20	3.35	3.50	3.64	3.78	3.92	4.07
	SOYBEAN PRICE	5.69	7.75	6.50	7.50	6.10	6.63	6.97	6.82	6.67
	DIVERSION RATE	0.00	1.50	0.00	0.00	1.50	1.50	1.50	1.50	1.50
	TARGET	2.70	2.86	3.03	3.03	3.25	3.25	3.25	3.25	3.25
	LOAN 2.40	2.55	2.65	2.55	2.55	3.25	3.25	3.25	3.25	3.25
	RESERVE 2.55	2.90	2.65	2.55	2.55	3.25	3.25	3.25	3.25	3.25
	RELEASE PRICE	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15
					.00	0.62	0.63	0.63	0.63	0.67
	FARM 2.45	2.68	3.20	2.70	2.66	3.27	3.27	3.27	3.27	3.27
	5-MONTH PRICE	2.55	3.05	2.55	2.51	3.12	3.12	3.12	3.12	3.12

EXPORT SUBSIDY ($ PER BUSHEL)					0.91	0.92	0.95	0.95	0.96
EXPORT SUBSIDY ($ MILLIONS)					1839	1639	1642	1588	1639
DEFICIENCY PAYMT (	291	0	1630	1805	0	0	0	0	0
DIVERSION PAYMT ($	0	903	0	0	0	0	0	0	0
STORAGE PAYMT ($ m	625	22	130	147	173	173	173	173	173

CORN PROGRAM

FISCAL YEAR	1983	1984	1985	1986	1987	1988	1989	1990	1991
NET LENDING (mil bu)				288	651	651	651	651	651
LOANS OUTSTANDING	1686	1948	454	742	1105	1105	1105	1105	1105
LOANS MA ERR	1570	167	928	1358	1739	1719	1729	1734	1793
LOANS RE ERR	1114	1648	640	995	1739	1719	1729	1734	1793
				0	0	0	0	0	0
PIK	456	1131							
GROSS LOANS ($ mi	4489	439	2366	3643	5650	5586	5619	5634	5826
LOANS REPAID ($ m	2989	4439	1632	2536	5650	5586	5619	5634	5826
NET LOAN 5274.17	1499	-4000	737	1107	0	0	0	0	0
net loan change			0	0	-881	-1019	-953	-1013	-1180
DIRECT PAYMENTS ($ il)									
EXPORT SUBSIDY	581	-70	2312	902	1839	1639	1642	1588	1639
DIVERSION	490	412	0	0	0	0	0	0	0
STORAGE	625	22	130	147	173	173	173	173	173
OTHER	2524	2702	55	106	204	144	229	223	245
TOTAL	4220	3066	2497	1156	2215	1956	2044	1984	2057
.	0	0	0	-218	-12	-282	-285	-343	-121
TOTAL OUTLAYS	5720	-934	3234	2263	2215	1956	2044	1984	2057
BASELINE(Feb. 11)	5720	-934	3234	2480	3108	3257	3282	3340	3358
SAVINGS(neg)	0	0	0	-218	-893	-1301	-1238	-1356	-1301
FEED GRAIN									
BASELINE OUTLAYS				2994	3853	4010	4013	4078	
OPTION OUTLAYS				2731	2746	2409	2499	2422	
SAVINGS				-263	-1107	-1601	-1514	-1656	
FY86-88					-2971				
/PPRA87.L144~GPRA146.L195~GFY86-90142~GPO					-6141				

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 24, 1985

X(Sub) Committee: Full

met at 2:10 pm o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, Tenn.
Mr. Brown
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Staggers
Mr. Evans, Ill.

Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Eugene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Howard Conley, Staff Economist
Carol Dubard, Staff Assistant
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk

Witnesses:

Present to respond to Member's questions:

Mr. Robert Weinhagen, Office of House Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs andCommodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

U.S. GOVERNMENT PRINTING OFFICE 83—19695-1[illegible]

Wednesday, July 24, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--By rollcall vote of 12 yeas-23 nays, did not agree to the Bedell amendment to the English substitute amendment to the Foley-Marlenee amendment, proposing a voluntary certificate program for wheat and feed grains.

--Without objection, agreed to English unanimous consent request to reduce the target price for wheat, in his amendment, to $4.60 per bushel.

--Without objection, agreed to English unanimous consent request to incorporate his feed grains amendment into his amendment on wheat.

--Without objection, agreed to Glickman unanimous consent request to reduce the target price for corn to $3.15 in his amendment to the Foley-Marlenee amendment to increase the target price for wheat and feed grains, and to not allow a reduction in target prices unless there is certification that costs of production had declined.

--Without objection, agreed to Glickman unanimous consent request to withdraw his amendment.

--By voice vote, agreed to Glickman refined amendment regarding reduced costs of production.

--By rollcall vote of 18 yeas-21 nays, did not agree to Franklin amendment to the Foley-Marlenee wheat amendment, to provide for a modified marketing loan program.

--Without objection, agreed to English unanimous consent request to strike language in his amendment pertaining to feed grains.

--By rollcall vote of 19 yeas-22 nays, did not agree to the English amendment, as amended.

Chairman de la Garza called the meeting to order and announced that Members had been delayed because of a vote on the House Floor, and he recessed the Committee at 2:12 to reconvene subject to the call of the Chair.

Shortly thereafter, Members responded to another vote on the House Floor and the Committee was unable to adhere to its previous plans to vote on the Bedell amendment to the English substitute amendment to the Foley-Marlenee amendment at 2:30 p.m. See Minutes of July 23, 1985, P.M. for these amendments

The Committee reconvened at 2:40 p.m., and Messrs. Bedell and English concluded debate on the Bedell amendment.

Wednesday, July 24, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Following a voice vote and a division vote of 9 yeas-18 nays, the Chairman directed the clerk to call the roll at the request of Mr. Bedell for a recorded vote. The vote follows:

YEAS

1. Mr. Jones, Tenn.
2. Mr. Bedell
3. Mr. Glickman
4. Mr. Daschle
5. Mr. Volkmer
6. Mr. Evans, Ill.
7. Mr. Penny
8. Mr. Gunderson
9. Mr. Evans, Iowa
10. Mr. Rose (proxy to Mr. de la Garza)
11. Mr. Weaver
12. Mr. Coelho (proxy to Mr. de la Garza)

NAYS

1. Mr. Foley
2. Mr. English
3. Mr. Huckaby
4. Mr. Stenholm
5. Mr. Staggers
6. Mr. Olin
7. Mr. Stallings
8. Mr. Bruce
9. Mr. Madigan
10. Mr. Coleman
11. Mr. Marlenee
12. Mr. Stangeland
13. Mr. Emerson
14. Mr. Morrison
15. Mr. Franklin
16. Mr. Lewis
17. Mr. Smith
18. Mr. Combest
19. Mr. Schuette
20. Mr. Brown (proxy to Mr. Mr. de la Garza)
21. Mr. Hatcher (proxy to Mr. de la Garza)
22. Mr. Chappie (proxy to Mr. Madigan)
23. Mr. Hopkins

By a vote of 12 yeas-23 nays, the Bedell amendment was not agreed to.

As previously announced, the next order of business was the consideration of the English wheat marketing loan amendment offered as a substitute to the Foley-Marlenee amendment. Mr. English asked to reduce the target price for wheat in his amendment from $4.75 to $4.60 per bushel, and his request was agreed to without objection. Mr. English offered an amendment (attached) on feed grains as a substitute to the Foley-Marlenee amendment, and without objection, it was incorporated into his pending amendment. He explained this amendment was in line with his wheat amendment.

Wednesday, July 24, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Glickman offered an amendment (attached) to the Foley-Marlenee amendment, to increase the target prices for wheat and feed grains, and to provide that 1988 and 1989 reductions in target prices permitted in the aforementioned amendment could not take place unless the Secretary first certified that costs of production had declined by 5 percentum from the previous year. After general discussion, Mr. Glickman withdrew the amendment without objection, and reoffered it with the language on target prices deleted. After more discussion, the Glickman amendment was agreed to by voice vote.

Mr. Franklin offered an amendment (attached) to add a discretionary marketing loan program to the Foley-Marlenee amendment. General debate occurred and the Chairman put the question on the amendment. After a voice vote and a division vote of 12 yeas-15 nays, Mr. Franklin requested a record vote. A sufficient number of Members (6) sustained his request, and the clerk was instructed to call the roll. The vote follows:

YEAS

1. Mr. Foley
2. Mr. Panetta
3. Mr. Huckaby
4. Mr. Madigan
5. Mr. Marlenee
6. Mr. Emerson
7. Mr. Morrison
8. Mr. Evans, Iowa
9. Mr. Franklin
10. Mr. Lewis
11. Mr. Smith
12. Mr. Schuette
13. Mr. Jones, N.C. (proxy to Mr. de la Garza)
14. Mr. Hatcher (proxy to Mr. de la Garza)
15. Mr. Tallon (proxy to Mr. Foley)
16. Mr. Staggers (proxy to Mr. Foley)
17. Mr. Thomas (proxy to Mr. Foley)
18. Mr. Stallings (proxy to Mr. de la Garza)

NAYS

1. Mr. Jones, Tenn
2. Mr. Brown
3. Mr. Bedell
4. Mr. English
5. Mr. Glickman
6. Mr. Daschle
7. Mr. Stenholm
8. Mr. Volkmer
9. Mr. Olin
10. Mr. Penny
11. Mr. Bruce
12. Mr. Coleman
13. Mr. Stangeland
14. Mr. Roberts
15. Mr. Gunderson
16. Mr. Combest
17. Mr. Weaver (proxy to Mr. Daschle)
18. Mr. Coelho (proxy to Mr. Daschle)
19. Mr. Evans, Ill. (proxy to Mr. Volkmer)
20. Mr. Hopkins
21. Mr. Chappie (proxy to Mr. Stangeland)

By a vote of 18 yeas-21 nays, the Franklin amendment was not agreed to.

Wednesday, July 24, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

General discussion followed on the English wheat and feed grains amendment in the nature of a substitute to the Foley-Marlenee wheat amendment. Without objection, Mr. English withdrew the feed grains part of his amendment to make it conform to the Foley-Marlenee amendment. The Chairman put the question on the substitute amendment, as amended, and after a voice vote and a division vote of 13 yeas-15 nays, Mr. English asked for a recorded vote. Without objection, the clerk was instructed to call the roll and the vote follows:

YEAS

1. Mr. Jones, Tenn.
2. Mr. Bedell
3. Mr. English
4. Mr. Glickman
5. Mr. Daschle
6. Mr. Stenholm
7. Mr. Volkmer
8. Mr. Penny
9. Mr. Stallings
10. Mr. Coleman
11. Mr. Stangeland
12. Mr. Roberts
13. Mr. Combest
14. Mr. Brown
15. Mr. Rose (proxy to Mr. de la Garza)
16. Mr. Coelho (proxy to Mr. Daschle)
17. Mr. Staggers (proxy to Mr. de la Garza)
18. Mr. Evans, Ill. (proxy to Mr. Volkmer)
19. Mr. Weaver

NAYS

1. Mr. Foley
2. Mr. Panetta
3. Mr. Huckaby
4. Mr. Bruce
5. Mr. Madigan
6. Mr. Marlenee
7. Mr. Hopkins
8. Mr. Emerson
9. Mr. Morrison
10. Mr. Gunderson
11. Mr. Evans, Iowa
12. Mr. Chappie
13. Mr. Franklin
14. Mr. Lewis
15. Mr. Smith
16. Mr. Schuette
17. Mr. Jones, N.C. (proxy to Mr. de la Garza)
18. Mr. Hatcher (proxy to Mr. de la Garza)
19. Mr. Tallon (proxy to Mr. Foley)
20. Mr. Thomas (proxy to Mr. Foley)
21. Mr. Olin (proxy to Mr. Penny)
22. Mr. Jeffords (proxy to Mr. Madigan)

By a vote of 19 yeas-22 nays, the English substitute amendment, as amended, was not agreed to.

Wednesday, July 24, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

The Chairman announced the Foley-Marlenee amendment would be the first order of business at the next meeting of the Committee at 10 a.m., Thursday, July 25, 1985, and adjourned the meeting at 4:55 p.m.

Peggy Pecore

Peggy Pecore

(feed grain marketing loan amendment)

Amend Title IV of the Comparative Print, Reported by Subcommittees, Book 1, as follows:

1. On Page 69, line 17, through page 71, line 6, delete all of Subsection 105C (a)(1) and substitute therefor the following:

"(a)(1) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn as such level, not less than $2.55 per bushel, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn."

2. On page 71, line 20, through page 73, line 13, delete Subsection 105C (a)(3) and substitute therefor the following:

"(3) The Secretary shall establish a program for any crop of feed grain under which producers with loans under this subsection may repay the loans at a level that is less than the original loan level under regulations issued by the Secretary which require the Secretary to set the repayment levels for loans under such program by State, on a monthly basis, which level for a State shall the then current State monthly weighted average market price for the crop of feed grain as adjusted for each county in the State, received by farmers, as determined by the Secretary."

3. On page 73, line 19, replace clause (ii) of Subsection 105C (b)(1)(A) with the following:

"(ii)the feed grain program acreage base for the farm for the crop,".

4. On page 73, line 23, add to Subsection 105C (b)(1)(A) the following sentence:

"In no event may payments be made to a producer who has not redeemed loans made for the crop of feed grain under provisions of Subsection (a)(1)."

5. On page 74, line 6, delete the words, "the first five months of".

6. On page 74, line 10, change the comma after the word "section" to a period and delete the remainder of clause (ii) on lines 11 and 12.

7. On page 74, line 20, change the figure "$3.50" to "$~~3.03~~ 3.15."

8. On page 75, line 15, through page 75, line 26, delete Subsection 105C (b)(1)(D) and renumber following subsections to conform.

9. On page 83, line 8, in Subsection 105C (d)(1)(B) change the period after the words "for the farm" to a colon and add the following:

"Provided, That the total reduction under the acreage limitation program in clause (i) and the paid diversion program in clause (ii) be 20 percentum of the acreage base for the farm in any year when the Secretary determines a lesser percentage of reduction will result in the quantity of feed grain on hand on the first day of the marketing year for that crop being in excess of 1,100,000,000 bushels."

AN AMENDMENT TO THE FOLEY-MARLENEE AMENDMENT TO TITLE III AND TITLE IV OF THE COMMITTEE PRINT OF HR 2100
OFFERED BY
MR. GLICKMAN

The amendment in the nature of a substitute to Title III and Title IV of the Committee Print of HR 2100 is amended by --

"1) in the section of the amendment in the nature of a substitute to Title III --

"a) on page 5, line 6 striking "$4.38" and inserting in lieu thereof --

"$4.60";

"b) on page 5, line 17, after the "." inserting the following --

"Provided further, That notwithstanding the foregoing provisions of this subparagraph, the Secretary may not establish the established price for the 1988 and 1989 crops of wheat at a level less than the level for the preceding crop of wheat unless the Secretary certifies to the Congress at the time the Secretary announces the program provided for under subsection (e) of this section that the costs of production for wheat for all producers, as determined by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, is 5 percentum below the cost of production for wheat for all producers of the preceding crop.";

"2) in the section of the amendment in the nature of a substitute to Title IV --

"a) on page 4, line 4 striking "$3.03" and inserting in lieu thereof --

"$3.35";

"b) on page 4, line 17, after the "." inserting the following --

"Provided further, That notwithstanding the foregoing provisions of this subparagraph, the Secretary may not establish the established price for the 1988 and 1989 crops of corn at a level less than the level for the preceding crop of corn unless the Secretary certifies to the Congress at the time the Secretary announces the program provided for under subsection (e) of this section that the costs of production for corn for all producers, as determined by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, is 5 percentum below the cost of production for corn for all producers of the preceding crop."."

Amendment to Foley-Marlenee Amendment

Offered by Mr. Franklin

The Foley-Marlenee Amendment is amended by --

(1) Page 2, line 6, inserting "(1)" after the subsection designation "(a)"; and

(2) Page 3, after the last line inserting:

"(2) Notwithstanding any other provision of this subsection, whenever a producer repays a loan made under this subsection for a crop, such repayment shall be at the lesser of --

"(i) the original loan rate established for such crop; or

"(ii) a discounted loan rate which the Secretary determines will minimize the number of loan forfeitures, will not result in excessive total stocks of wheat, will reduce the costs incurred by the Federal Government in storing wheat, and will maintain the competitiveness of wheat in domestic and export markets.".

Conforming amendments:

Page 214, line 23, and page 217, line 3, before the period insert the following: ", or any gain realized by a producer from repaying a loan at the lesser of the original loan rate or a loan rate determined by the Secretary of Agriculture"

Page 214, line 19, and page 216, line 21, strike out "or" the second place it appears.

Page 214, line 22, strike out "or" and insert a comma.

Page 217, line 2, strike out "or".

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 25, 1985

(~~Sub~~) Committee: Full

Meeting: Business - a.m.

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 10:20 am o'clock, in Room 1300 Longworth

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Brown
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist

Carol A. Dubard, Staff Assistant
Eugene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Peggy L. Pecore, Hearing Clerk
Glenda Temple, Staff Assistant
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

Present to respond to questions:

1. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
2. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA
3. Mr. Robert Weinhagen, Office of House Legislative Counsel

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1[illegible]

Thursday, July 25, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

Action Taken:

-- By voice vote English paid diversion amendment to Foley wheat amendment agreed to.

-- By voice vote Foley technical amendment to his pending wheat amendment adopted.

-- By voice vote Stangeland amendment allowing deficiency payments even though only 50 percent of permitted acreage is planted approved.

-- By roll call vote of 26 yeas-16 nays Foley amendment providing wheat program agreed to and wheat title tentatively approved for inclusion in the bill.

-- Without objection Foley unanimous consent request to correct a title designation agreed to.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act of 1985. Pending at the close of the last meeting was the Foley amendment to the wheat title of the bill.

Mr. English offered the attached amendment which would provide a paid diversion program announcement for the 1986 crop of wheat. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Foley offered the attached technical amendment to his wheat title which would add another condition that the loan level computed would discourage the exportation of wheat and cause excessive stocks of wheat in the United States. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Stangeland offered the attached amendment to the Foley amendment. The Stangeland amendment would allow a farmer to collect deficiency payments on all his base acres permitted under the program even though only 50 percent of the acreage is planted. Discussion occurred and by a voice vote the amendment was adopted.

The question was ordered on the Foley amendment, as amended. By a voice vote the proposal was approved. A roll call vote was requested and the clerk was directed to call the roll. The vote follows:

Thursday, July 25, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

YEAS

1. Mr. Foley
2. Mr. Jones (Tenn.)
3. Mr. Brown
4. Mr. Hatcher
5. Mr. Staggers
6. Mr. Olin
7. Mr. Stallings
8. Mr. Madigan
9. Mr. Marlenee
10. Mr. Emerson
11. Mr. Morrison
12. Mr. Evans (Iowa)
13. Mr. Franklin
14. Mr. Schuette
15. Mr. Jones (N.C.)(proxy to Mr. de la Garza)
16. Mr. Panetta (proxy to Mr. Foley)
17. Mr. Huckaby (proxy to Mr. Foley)
18. Mr. Whitley
19. Mr. Tallon
20. Mr. Thomas (proxy to Mr. Foley)
21. Mr. Bruce
22. Mr. Jeffords (proxy to Mr. Madigan)
23. Mr. Chappie (proxy to Mr. Madigan)
24. Mr. Lewis
25. Mr. Smith
26. Mr. Rose

NAYS

1. Mr. Daschle
2. Mr. Stenholm
3. Mr. Penny
4. Mr. Coleman
5. Mr. Stangeland
6. Mr. Roberts
7. Mr. Gunderson
8. Mr. Combest
9. Mr. Weaver (proxy to Mr. Daschle)
10. Mr. Bedell
11. Mr. English
12. Mr. Coelho (proxy to Mr. Daschle)
13. Mr. Franklin
14. Mr. Evans (Ill.)
15. Mr. Hopkins
16. Mr. Glickman

Thus, by a roll call vote of 26 yeas-16 nays the Foley amendment, as amended, was agreed to and the wheat title was tentatively approved for inclusion in the farm bill.

Mr. Foley was recognized to explain the provisions of the attached amendment providing for a feed grains program. He stated that in addition to the language offered in the amendment he was also including sections in the wheat title which were relative to feed grains. Discussion occurred and by a show of hands vote of 16 yeas-14 nays the feed grains amendment was agreed to and the title was tentatively approved for inclusion in the farm bill.

Mr. Foley asked unanimous consent to correct a typo on page 10 of his amendment whereby under paragraph (d) the title designation should be "title X" rather than "title VI". Without objection the motion was agreed to.

Thursday, July 25, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

The next item before the Committee was consideration of Title IV-A which provides for a referendum of producers to approve wheat, feed grains, and soybeans programs. Discussion occurred on the title.

Mr. Stenholm offered the attached amendment to delete the referendum and discussion continued. During the discussion the attached revised cost figures were distributed for the Committee's consideration.

During the proceedings Chairman de la Garza introduced Chairman of the Agricultural Commission of the European Parliament Teun Tolman and Mrs. Tolman who were visiting the Committee. The distinguished visitors were greeted by the Committee.

At 12:00 noon the meeting was adjourned to reconvene at 2:00 p.m. this date for further consideration of the pending Stenholm amendment.

Peggy L. Pecore

Peggy L. Pecore

Amendment by Mr. English (paid diversion for 1986)

Amend Title III of the Comparative Print, Reported by Subcommittee, Book 1, as follows:

On page 61, line 7, in Subsection 107D (d)(1)(B) change the period after the words "for the farm" to a colon and add the following:

"Provided, That for the crop year 1986 the Secretary shall announce a paid diversion program of 10 per centum for farmers who have planted the 1986 crop of wheat before the announcement of the program for 1986."

and insert similar language in Title IV, page 83, in line 9, for feed grains.

FOLEY AMENDMENT

On page 3 of the Foley substitute starting on line 9, delete the sentence starting with the word "Notwithstanding" and replace with the following sentence, "Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence."

Amendment to the Foley-Marlenee Amendment

Offered by Mr. Stangeland

Page 4, strike the third sentence in subsection (b)(1)(A) and insert in lieu thereof:

"Producers shall be eligible for payments under this paragraph for the entire farm program acreage for such crop, if the producer actually plants wheat on at least fifty (50) per centum of such farm program acreage and devotes the remainder of such farm program acreage for the crop year to conserving uses or nonprogram crops, and the base and yield of such farm program acreage for the crop year with respect to such remainder shall not be reduced due to the fact that it was devoted to conserving uses or nonprogram crops."

Foley Amendment

AMENDMENT IN THE NATURE OF A SUBSTITUTE FOR
TITLE IV (FEED GRAINS)

Viz: In the Substitute of the Subcommittees for the Text of H.R. 2100, as contained in Book I of the Committee Print, strike out line 6 on page 69 and all that follows down through the end of line 16 on page 90, and insert in lieu thereof the following:

TITLE IV -- FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) a new section as follows:

"SEC. 105C. "Notwithstanding any other provision of law--

"(a)(1) The Secretary shall make available to producers loans and purchases for corn during each of the four marketing years for corn, beginning with the marketing year for the 1986 crop, at such level per bushel -- not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period -- as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn: Provided, That the level of corn loans and purchases for a marketing year, including the (for the 1986 crop of corn,) marketing year) may not be established under the foregoing formula at a ——

level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines that the average price of corn received by producers in any marketing year (including the marketing year for the 1985 crop of corn) is not more than 105 per centum of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and if designated by the Secretary, barley in an amount computed as provided in this subsection. Payments for any crop of feed grains shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the "(ii) the loan level determined under subsection (a)(1) of this section, prior to any adjustment made under the second sentence in subsection (a)(1), for the marketing year for such crop of corn.

"(C) The established price for the 1986 and 1987 crops of corn shall be $3.03 per bushel, and for each of the 1988 and 1989 crops of corn → shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period: *Provided*, That the established price for a crop of corn → may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of corn. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the second sentence in subsection (a)(1) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1031 of the Food Security Act of 1985.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity of feed grains on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 [illegible] crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the feed grain acreage base established for the farm for the crop under title VI of this Act by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the feed grain acreage base established for the farm for the crop under title VI of this Act, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of feed grains shall be the program yield established for the farm for the crop under title VI of this Act.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B) of this paragraph, the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) of this subsection or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested.

"(B)(i) For the 1986 crop of feed grains, the Secretary shall provide for an acreage limitation program as described under paragraph (2) under which the acreage on the farm planted to feed grains for harvest would be limited to the feed grain acreage base for the farm for the crop reduced by a total of 20 per centum.

"(ii) With respect to any of the 1987 through 1989 crops of feed grains, if the Secretary estimates—not later than November 15 of the year prior to the calendar year in which the crop is harvested—that the quantity of feed grains on hand in the United States on the first day of the marketing year for that crop (not including any quantity of feed grains of that crop) will exceed 1,100,000,000 bushels, the Secretary (i) shall provide for an acreage limitation program, as described under paragraph (2) of this subsection, under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain acreage base for the farm for the crop reduced by not less than 10 per centum, and (ii) may provide for a paid diversion program, as described in paragraph (5) of this subsection, or an additional acreage limitation for any desired reduction in planted acreage in excess of 10 per centum of the feed grain acreage base for the farm. As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if implemented by the Secretary, the paid diversion program.

"(2) If a feed grain acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the feed grain acreage base for (the crop for) each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The (feed grain) acreage base for any farm (for any crop) for the purpose of determining any reduction required to be made for a crop as the result of a limitation imposed under this paragraph shall be determined under title VI of this Act. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of feed grains, subsection (c) of this section shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4)(A) Producers may use feed grain acreage on the farm devoted to conserving uses under the conservation reserve program (established under title XII of the Food Security Act of 1985) to meet requirements under paragraphs (2) and (3) of this subsection for the devotion of acreage on the farm to conserving uses, except that if the producers on the farm exercise such option, the land retirement payments received by the producers on such acreage under the conservation reserve program for the crop year involved shall be considered to be feed grain deficiency payments for the purposes of the payment limitation under section 1031 of the Food Security Act of 1985. However, the producers may, in the alternative, decline receipt of such payments.

"(B) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of "(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2) of this section, but may be required if a set-aside program is established under subsection (e)(3) of this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 402. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 [illegible] crops of feed grains.

* * * * * * * * * *

Amendment to the Foley-Marlenee Amendment

Offered by Mr. Stangeland

Page 4, strike the third sentence in subsection (b)(1)(A) and insert in lieu thereof:

"Producers shall be eligible for payments under this paragraph for the entire farm program acreage for such crop, if the producer actually plants wheat on at least fifty (50) per centum of such farm program acreage and devotes the remainder of such farm program acreage for the crop year to conserving uses or nonprogram crops, and the base and yield of such farm program acreage for the crop year with respect to such remainder shall not be reduced due to the fact that it was devoted to conserving uses or nonprogram crops."

FOLEY AMENDMENT

On page 3 of the Foley substitute starting on line 9, delete the sentence starting with the word "Notwithstanding" and replace with the following sentence, "Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence."

Amendment by Mr. English (paid diversion for 1986)

Amend Title III of the Comparative Print, Reported by Subcommittee, Book 1, as follows:

On page 61, line 7, in Subsection 107D (d)(1)(B) change the period after the words "for the farm" to a colon and add the following:

"Provided, That for the crop year 1986 the Secretary shall announce a paid diversion program of 10 per centum for farmers who have planted the 1986 crop of wheat before the announcement of the program for 1986."

and insert similar language in Title IV, page 83, in line 9, for feed grains.

Agreed
vv

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Coleman

On page 98, line 24 after "proclaimed" insert ": Provided that referendums held under this section shall not be conducted in succeeding calendar years"

On page 100, line 11 strike all of subsection (e) and redesignate subsequent subsections accordingly.

Beginning on page 100, line 20 strike ", with respect to the crops harvested in the succeeding year,"

Agreed ~~Stand~~
✓✓

Amendment to H.R. 2100 Committee Print

(Book 1 of the text as reported by the Subcommittee)

Offered by Mr. Coleman

On page 99, line 15 strike "60 per centum" and insert in lieu thereof "two-thirds".

On page 100, line 11 strike "60 per centum" and insert in lieu thereof "two-thirds".

On page 108 lines 6 and 22 strike "60 per centum" and insert in lieu thereof "two-thirds."

AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. STENHOLM OF TEXAS

Beginning on Page 90, line 17, strike Title IV A.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, July 25, 1985

~~(Sub)~~ Committee: Full

Meeting: Business - p.m.

Subject: Food Security Act of 1985

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 2:10 p.m. o'clock, in Room 1301 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Brown
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle

Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
William E. O'Conner, Jr., Assistant Minority Staff Director

Gene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Howard Conley, Staff Economist
Peggy L. Pecore, Hearing Clerk
Glenda Temple, Staff Assistant

Witnesses:

The following were present to respond to questions:

1. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
2. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA
3. Mr. Robert Weinhagen, Office of House Legislative Counsel

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81-04773-1[illegible]

Thursday, July 25, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

Action Taken:

-- Without objection Gunderson unanimous consent request to reform amendment agreed to.

-- Without objection Glickman substitute amendment reformed to make provisions mandatory.

-- Without objection Glickman substitute amendment, as reformed, withdrawn without prejudice.

-- By show of hands vote of 10 yeas-18 nays Gunderson amendment, as reformed, providing on-farm feeding not adopted.

-- By show of hands vote of 12 yeas-16 nays Glickman revised amendment permitting livestock and poultry producers to purchase from CCC not adopted.

-- Without objection Coleman amendment prohibiting annual referendums reformed.

-- By voice vote Coleman amendment, as reformed, adopted.

-- By voice vote Coleman amendment requiring two-thirds vote in referendum approved.

-- By show of hands vote of 8 yeas-25 nays Coleman amendment increasing set-asides not agreed to.

-- By roll call vote of 24 yeas-17 nays Stenholm amendment striking referendum provision approved.

-- Madigan motion to reconsider the vote on the Stenholm amendment tabled.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act. Pending at the conclusion of the morning session was the Stenholm amendment to strike Title IV-A, producer referendum. Discussion continued on the pending amendment.

Mr. Gunderson offered the attached amendment to provide for on-farm feeding. Discussion occurred and Mr. Madigan questioned the language referring to historical usage. Discussion continued and Mr. Gunderson asked unanimous consent to revise his amendment to delete "have used historically" and insert in lieu thereof "used". Without objection the request was agreed to and the Gunderson amendment was reformed.

Thursday, July 25, 1985
Full Committee
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Mr. Glickman offered the attached substitute amendment to permit producers of livestock and poultry to purchase feed grains from existing stocks of the Commodity Credit Corporation. He asked unanimous consent to reform his amendment on line 4 to strike "may" and insert in lieu thereof "shall". There was no objection to the request. Discussion occurred and without objection Mr. Glickman withdrew his amendment without prejudice.

By a show of hands vote of 10 yeas-18 nays the Gunderson amendment, as reformed, was not agreed to.

Mr. Glickman stated that in light of previous discussion on his amendment he had perfected the amendment and offered the attached language. Discussion occurred and by a show of hands vote of 12 yeas-16 nays the proposal was not adopted.

Mr. Coleman offered the attached amendment which would provide that referendums could not be conducted in succeeding years. Discussion occurred and question was raised as to whether the language of the amendment as drafted actually reflected Mr. Coleman's intent. Mr. Coleman asked unanimous consent that staff be permitted to make technical changes in the amendment to prohibit annual referendums and that report language be included reflecting that intent. Without objection the motion was agreed to and the amendment then passed by a voice vote.

Mr. Coleman offered the attached amendment which would provide that two-thirds of the producers voting in the referendum must approve the programs rather than 60 percent as contained in the subcommittee-reported language. Discussion occurred and the Coleman amendment was adopted by a voice vote.

Mr. Coleman offered the attached amendment which would increase set-asides for wheat, feed grains and soybeans. Discussion occurred and by a show of hands vote of 8 yeas-25 nays the proposal was not agreed to.

Mr. Volkmer moved the previous question on the Stenholm amendment and a request for a recorded vote was made. The vote follows:

Thursday, July 25, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

YEAS

1. Mr. Stenholm
2. Mr. Tallon
3. Mr. Staggers
4. Mr. Thomas
5. Mr. Olin
6. Mr. Stallings
7. Mr. Bruce
8. Mr. Madigan
9. Mr. Marlenee
10. Mr. Hopkins
11. Mr. Stangeland
12. Mr. Roberts
13. Mr. Emerson
14. Mr. Gunderson
15. Mr. Franklin
16. Mr. Lewis
17. Mr. Smith
18. Mr. Combest
19. Mr. Foley (proxy to Mr. Stenholm)
20. Mr. Huckaby (proxy to Mr. Stenholm)
21. Mr. Hatcher (proxy to Mr. Stenholm)
22. Mr. Jeffords (proxy to Mr. Madigan)
23. Mr. Morrison
24. Mr. Chappie (proxy to Mr. Madigan)

NAYS

1. Mr. Jones (Tenn.)
2. Mr. Weaver
3. Mr. Bedell
4. Mr. English
5. Mr. Glickman
6. Mr. Daschle
7. Mr. Volkmer
8. Mr. Evans (Ill.)
9. Mr. Penny
10. Mr. Coleman
11. Mr. Evans (Iowa)
12. Mr. Schuette
13. Mr. Jones (N.C.)(proxy to Mr. Weaver)
14. Mr. Rose (proxy to Mr. Bedell)
15. Mr. Panetta (proxy to Mr. de la Garza)
16. Mr. Whitley
17. Mr. Coelho (proxy to Mr. Daschle)

Thus, by a roll call vote of 24 yeas-17 nays the Stenholm amendment was agreed to and the referendum provisions were stricken from the bill.

Mr. Madigan, as one voting on the prevailing side, moved to reconsider the vote on the Stenholm amendment. Mr. Marlenee moved to table the Madigan motion which was approved.

Chairman de la Garza announced that he had been advised that there would be a motion to reconsider the vote on the Foley wheat amendment, and if carried a vote on the Stangeland-Daschle-Glickman-Roberts amendment. Due to the lateness of the hour, he proposed that the vote be deferred until Tuesday, July 30.

Staff was directed to work with the Department and the Congressional Budget Office to obtain cost figures on the various provisions of the bill for consideration at the next meeting.

Thursday, July 25, 1985
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During the proceedings recesses were taken at 3:05 and 5:15 p.m. to enable Members to respond to recorded votes on the House floor. At 6:00 p.m. the meeting was adjourned to reconvene at 10:00 a.m. on Tuesday, July 30, for further consideration of the Food Security Act.

Peggy L. Pecore
Peggy L. Pecore

AMENDMENT TO H.R. 2100
(TO BOOK 1 OF THE COMMITTEE PRINT
AS REPORTED FROM SUBCOMMITTEE)
OFFERED BY MR. GUNDERSON

PAGE 98, LINE 7, place a comma after the word "farm" and insert the following after that comma:

"other than for a crop which the producers on the farm have used historically for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national production acreage is in effect,".

RFW285

AMENDMENT TO H.R. 2100
(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)
OFFERED BY MR. Glickman

Page 102, after line 8, insert the following new subsection:

``(b)(1) If producers of wheat and feed grains approve marketing quotas and production acreages, as provided in section 515 of this title, producers of livestock and poultry may, while such quotas are in effect and pursuant to regulations issued by the Secretary, purchase feed grains from existing stocks of the Commodity Credit Corporation at the cost of such feed grains to the Commodity Credit Corporation. Such feed grains may only be used by such producers to feed livestock and poultry on the producers' farms.

``(2) For purposes of paragraph (1)--

``(A) the term `livestock' shall have the meaning given to such term in section 2(a)(4) of the Packers and Stockyards Act, 1921; and

``(B) the term `poultry' shall have the meaning given to such term in 4(e) of the Poultry Products Inspection Act.

4

RFW285

AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. GLICKMAN

Page 102, after line 8, insert the following new subsection:

``(b)(1) If producers of wheat and feed grains approve marketing quotas and production acreages, as provided in section 515 of this title, producers of livestock and poultry ~~may~~ shall be permitted to, while such quotas are in effect and pursuant to regulations issued by the Secretary, purchase feed grains from existing stocks of the Commodity Credit Corporation for use in feeding their stoc at the cost of such feed grains to the Commodity Credit Corporation. Such feed grains may only be used by such producers to feed livestock and poultry on the producers' farms.

``(2) For purposes of paragraph (1)--

``(A) the term `livestock' shall have the meaning given to such term in section 2(a)(4) of the Packers and Stockyards Act, 1921; and

``(B) the term `poultry' shall have the meaning given to such term in 4(e) of the Poultry Products Inspection Act.

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Coleman

On page 98, line 24 after "proclaimed" insert ": Provided that referendums held under this section shall not be conducted in succeeding calendar years"

On page 100, line 11 strike all of subsection (e) and redesignate subsequent subsections accordingly.

Beginning on page 100, line 20 strike ", with respect to the crops harvested in the succeeding year,"

Amendment to H.R. 2100 Committee Print

(Book 1 of the text as reported by the Subcommittee)

Offered by Mr. Coleman

On page 99, line 15 strike "60 per centum" and insert in lieu thereof "two-thirds".

On page 100, line 11 strike "60 per centum" and insert in lieu thereof "two-thirds".

On page 108 lines 6 and 22 strike "60 per centum" and insert in lieu thereof "two-thirds."

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the Subcommittee)
Offered by Mr. Coleman

On page 97, strike paragraph (1) and (2) and insert in lieu thereof the following new paragraphs:

"(1) in the case of the 1986 crop of wheat, shall be equal to 35 per centum and in subsequent years shall not be less than 60 per centum of the farm's crop acreage base for wheat, unless the Secretary estimates that, by the end of the marketing year for that crop of wheat, ending stocks of wheat will be equal to or less than the domestic consumption of wheat for the marketing year; and

"(2) in the case of the 1986 crop of feed grains, shall be equal to 55 per centum and in subsequent years shall not be less than 75 per centum of the farm's crop acreage base for feed grains, unless the Secretary estimates that, by the end of the marketing year for that crop of feed grains, ending stocks of feed grains will be 10 per centum or less of the total use of feed grains for the marketing year."

On page 106, strike subsection (d) and insert in lieu thereof the following new subsection:

"(d) Notwithstanding the provisions of subsection (c) of this section, the farm production acreage for each farm, in the case of the 1986 crop of soybeans, shall be equal to 75 per centum and in subsequent years shall not be less than 80 per centum of the farm's crop acreage base for soybeans."

WHEAT: Mandatory Acreage Reduction Percentages Needed to Achieve Goals Under House Option (If Referendum Passes)

	CROP YEARS			
	1986	1987	1988	1989
1. Base Acreage (mil. Ac.)	87.0	85.0	84.0	84.0
2. Conservation Reserve Acreage (mil. acres)	4.3	6.4	8.2	9.6
3. Estimated Exports (mil. bu.)	900	800	700	725
4. Estimated Domestic Use (mil.bu.)	900	925	930	930
5. Stocks Goal (Equal to Domestic Use)	900	925	930	930
6. Stocks From Previous Year (mil. bu.)	1,529	900	925	930
7. Stocks Reduction Needed	-629	0	0	0
8. Production Goal [3+4-7] (mil. bu.)	1,171	1,725	1,630	1,655
9. Estimated Harvested Yield (bu/ac)	40	38	38	38
10. Harvested Acreage [8 9] (mil. ac.)	29.3	45.4	42.9	43.6
11. Base Ac./Harvested Ac. Difference [1-2-10]	53.4	33.2	32.9	30.8
12. % Acreage Reduction Needed to Achieve Stocks/Demand Goal [11-(1-2)]	65	42	43	41

NOTE: For each 100 million bushel increase in demand--harvested acreage would increase about 2.6 million acres; percentage acreage reduction would decrease about 3 percentage points.

ASCS/CAD/7-24-85/0155A

CORN: Mandatory Acreage Reduction Percentages Needed to Achieve Goals Under House Option (If Referendum Passes)

		CROP YEARS			
		1986	1987	1988	1989
1.	Base Acreage (mil. Ac.)	85.5	86.0	85.5	85.0
2.	Conservation Reserve Acreage (mil. acres)	1.37	3.5	5.25	6.65
3.	Estimated Exports (mil. bu.)	1,500	1,450	1,450	1,400
4.	Estimated Domestic Use (mil.bu.)	5,050	4,800	4,650	4,525
5.	Stocks Goal (Equal to Domestic Use)	650	650	625	600
6.	Stocks From Previous Year (mil. bu.)	2,198	650	650	625
7.	Stocks Reduction Needed	-1,548	0	0	0
8.	Production Goal [3+4-7] (mil. bu.)	5,002	6,250	6,100	5,925
9.	Estimated Harvested Yield (bu/ac)	118.0	114.0	114.0	114.0
10.	Planted Acreage	50.4	62.8	61.5	60.0
11.	Base Ac./Harvested Ac. Difference [1-2-10]	33.7	19.7	18.8	18.4
12.	% Acreage Reduction Needed to Achieve Stocks/Demand Goal [11-(1-2)]	44	24	23	23

ASCS/CAD/7-24-85/0155A

SOYBEANS: Mandatory Acreage Reduction Percentages Needed to Achieve Goals Under House Option (If Referendum Passes)

	CROP YEARS			
	1986	1987	1988	1989
1. Base Acreage (mil. Ac.)	64.0	64.0	64.0	64.0
2. Conservation Reserve Acreage (mil. acres)	1.72	2.3	3.05	4.05
3. Estimated Exports (mil. bu.)	625	575	525	475
4. Estimated Domestic Use (mil.bu.)	975	1,000	1,025	1,050
5. Stocks Goal (Equal to Domestic Use)	200	200	200	200
6. Stocks From Previous Year (mil. bu.)	390	200	200	200
7. Stocks Reduction Needed	190	0	0	0
8. Production Goal [3+4-7] (mil. bu.)	1,410	1,575	1,550	1,525
9. Estimated Harvested Yield (bu/ac)	31.2	31.5	31.8	32.1
10. Planted Acreage	46.5	51.3	50.0	48.8
11. Base Ac./Harvested Ac. Difference [1-2-10]	15.8	10.4	11.0	11.2
12. % Acreage Reduction Needed to Achieve Stocks/Demand Goal [11-(1-2)]	25	17	18	19

ASCS/CAD/7-24-85/0155A

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date July 26, 1985

(Sub) Committee: on Livestock, Dairy, and Poultry

met at 9:30 a.m. o'clock, in Room Cattle Arena, Sioux Falls Stockyards
Sioux Falls, South Dakota

for the purpose of Review of 1985 Farm Bill issues relating to livestock, dairy and honey including meat import standards

The following Members were present:

Mr. Coelho
Mr. Daschle
Mr. Bedell
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr.
Mr.
Mr.
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Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff Present

Kim Schnoor

Witnesses:

1. Panel

Mr. Leland Swenson, President, South Dakota Farmers Union
Mr. LuVerne Jensen, South Dakota American Agriculture Movement
Mr. Ken Eckmann, President, South Dakota National Farmers Organization

2. Panel

Mr. Odeen A. Rasmussen, Vice President, South Dakota Stockgrowers
Mr. William O. Daniel, South Dakota Livestock Association

3. Panel

Mr. Robert C. Merrill, Mid-American Dairymen
Mr. Keith Squires, Associated Milk Producers, Inc.
Mr. David E. Hansen, Dairy Farmer

4. Panel

Mr. Richard L. Adee, Vice President, American Honey Producers
Mr. Jack W. Meyer, Jr., A. H. Meyer & Sons, Inc., Beekeeper
Mr. Donald R. Schmidt, Schmidt Honey Farms
Mr. Steve M. Klein, President, Minnesota Honey Producers Association

Witnesses at Open Microphone

1. Dr. Peter Preheim, Veterinarian, Mario, South Dakota
2. Mr. Keith Squires, Farmer and Dairyman, Brandt, South Dakota
3. Mr. Arnold Lund, Hudson, South Dakota
4. Mr. Mike O'Connor, Alcester, South Dakota
5. Mr. Warren Bessman, President, South Dakota Auction Markets Association, Madison, South Dakota
6. Mr. Dean Sinclair, Sioux Falls, South Dakota
7. Mr. Don Jacobs, Secretary, South Dakota Livestock Association, Sioux Falls, South Dakota
8. Mr. Le Roy Mathieu, Sioux Falls, South Dakota
9. Mr. Robert Anderson, Hudson, South Dakota

Statements and Letters for the Record

1. Mr. Howard H. Schmidt, Winner, South Dakota
2. Mr. R. J. Walstrom, South Dakota State University, Brookings, South Dakota
3. Mr. Gerald W. McAleece, Jr., Morrell & Company, Sioux Falls, South Dakota
4. Mr. Gary Evans, Sioux Honey Association, Sioux City, Iowa
5. Mr. Robert Adee, Adee Honey Farms, Haddam, Kansas
6. Mr. Robert Brown, Brown Honey Farms, Haddam, Kansas
7. Mr. Jerry Brown, Brown Honey Farms, Haddam, Kansas
8. Ms. Irene Brown, Agenda, Kansas
9. Mr. Vernon H. Adee, Adee Honey Farms, Haddam, Kansas
10. Mr. Alan Stafford, Stafford Honey Farm, Haddam, Kansas
11. Mr. Bruce Brown, Agenda, Kansas

U.S. GOVERNMENT PRINTING OFFICE: 1985 46-201 (84)

Friday, July 26, 1985
Subcommittee on Livestock,
Dairy, and Poultry
Public Hearing, Sioux Falls,
South Dakota
Review of the 11985 Farm Bill
issues relating to
livestock, dairy and honey,
including meat import
standards

Chairman Coelho called the meeting to order at 9:30 a.m. for the purpose of hearing testimony from the witnesses listed on page 2 of these minutes. Upon completion of their prepared statements, the witnesses were questioned by the Members present.

After all the witnesses were heard and questioned, an open microphone forum was held. Those persons who spoke at the open microphone are also listed on page two of these minutes.

At 12:05 p.m. the Chairman adjourned the meeting subject to the call of the Chair.

Kim Schnoor
Kim Schnoor

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 30, 1985

X(~~Sub~~) Committee: Agriculture

met at 10:30 am o'clock, in Room 1300 Longworth House Office Building

for the purpose of marking up H.R. 2100 and a Committee Print of the Food Security Act

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones, N.C.
Mr. Jones, Tenn.
Mr. Brown
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle

Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans, Ill.
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:

Phillip Fraas, Counsel
John Hogan, Minority Counsel
Robert Lowerre, Associate Counsel
Cristobal Aldrete, Special Counsel
Mark Dungan, Associate Minority Counsel
Howard Conley, Staff Economist
Robert Cashdollar, Subc. Staff Director
Susan Adkins, Minority Consultant
James Johnson, Staff Assistant
Eugene Moos, Subc. Staff Director
Mike Neruda, Minority Consultant
Kim Schnoor, Subc. Staff Director
Steve Kerr, Minority Consultant
William O'Conner, Jr., Ass't Minority Staff Director
Bernard Brenner, Press Secretary

Glenda Temple, Staff Ass't
Peggy Pecore, Clerk

2

Witnesses:

Present to respond to questions from Members:

From the Department of Agriculture:

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics

Mr. James Handley, Administrator, Agricultural Marketing Service

Dr. Donald Houston, Administrator, Food Safety and Inspection Service

From the Office of the House Legislative Counsel:

Mr. Robert Weinhagen

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Tuesday, July 30, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--Without objection, agreed to de la Garza amendment in the nature of a substitute to H. Res. 144, commemorating the REA.

--Without objection, agreed to H. Res. 144, as amended.

--By voice vote, agreed to Brown amendment regarding Congressional findings and declaration of policy on agricultural weather and climination information.

--By voice vote, agreed to Volkmer amendment regarding nutritive value and suitability of feed used in the emergency feed program.

--By voice vote, agreed to Roberts-Glickman amendment to allow an individual to serve as a member of the Cost of Production and Standards Review Board for more than one term.

--By voice vote, agreed to Roberts amendment to deny farm program benefits to persons who participate in the illegal production of drug-producing plants.

--By voice vote, agreed to Panetta amendment and Report language regarding marketing orders.

--Without objection Mr. Marlenee withdrew his en bloc Federal Crop Insurance Program amendments.

--By voice vote, agreed to Thomas amendment regarding the quality of imported poultry products.

--By voice vote, agreed to Thomas amendment setting out certain prohibitions regarding egg processing.

--By voice vote, agreed to Huckaby mandatory advance deficiency payments amendment to cotton and rice program producers who participate in an acreage reduction or set-aside program.

--By voice vote, agreed to Tallon rural industrial assistance amendment.

--Without objection, agreed to Brown Report language to accompany the language of the Franklin amendment, recommending that the proposed farm debt restructure and conservation set-aside program be carried out on a pilot program basis so that impacts could be studied.

--By voice vote, agreed to Franklin amendment with the suggested report language.

Tuesday, July 30, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Chairman de la Garza called the meeting to order and read a letter (attached) from the Chairman of the House Merchant Marine and Fisheries Committee regarding his intention to not offer an amendment to strike language in the Committee Print regarding cargo preference.

The Chairman called up H. Res. 144, commemorating the Rural Electficiation Administration, and discussed his amendment in the nature of a substitute (attached) which would provide that the fiftieth anniversary of REA would be commemorated, but not on the specific anniversary date. After brief discussion, the amendment was agreed to without objection, and the resolution, as amended, was agreed to. The Chairman informed Members he might not request House consideration of the resolution.

Chairman de la Garza informed Members the motion to reconsider the vote on the Foley wheat amendment (see Minutes of July 23, 1985, P.M.) for the amendment and of July 25, 1985 P.M. for discussion on the motion) was still pending and the Committee would await further development on the motion throughout the day.

The Chairman informed the Committee that Title X(B), Miscellaneous Commodity Programs, was under consideration and open for amendment at any point.

Mr. Brown offered an amendment (attached) declaring the policy of Congress on the use and improvement of weather and climate information in agriculture. After the amendment was explained, it was agreed to by voice vote.

Mr. Volkmer offered an amendment (attached) to provide that feed used in the emergency feed program be adequately nutritious and suitable for particular types of livestock. The amendment was agreed to by voice vote.

Mr. Roberts offered an amendment (attached) on behalf of himself and Mr. Glickman, to provide that a person may serve as a member of the Cost of Production Standards Board for one or more terms. After brief discussion, the amendment was agreed to by voice vote.

Mr. Roberts offered an amendment, proposed by the Department of Agriculture, to deny farm program benefits to producers who participate in the illegal production of cannabis or other prohibited drug-producing plants. A copy of a letter from Secretary Block and the amendment are attached. After brief discussion, the amendment was agreed to by voice vote.

Tuesday, July 30, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Panetta offered an amendment and Report language (attached) which would prohibit release of information and names of growers and handlers subject to a marketing order, and which would reaffirm the Committee's support of existing law regarding marketing orders. After discussion, the amendment was agreed to by voice vote.

Mr. Marlenee offered three amendments (attached) on the subject of Federal Crop Insurance and without objection, they were considered en bloc. The amendments would provide that (1) insurance be continued to be provided against loss of yield under area coverage plans; (2) for the purposes of determining which parcels of land constitute a farm after the 1985 crop, the guidelines used for 1984 be in effect; and (3) retain the present unit guidelines for producers who farm separate parcels of land. After discussion, during which Chairman Jones, Tenn. of the Subcommittee on Conservation, Credit, and Rural Development informed the Committee his subcommittee would conduct hearings on the Federal Crop Insurance Program later in the year, Mr. Marlenee withdrew his amendments without objection.

Mr. Thomas offered an amendment (attached) to provide that imported poultry products be subject to the same inspection standards as domestically-produced poultry products. After a brief discussion, the amendment was agreed to by voice vote.

Mr. Thomas offered a second amendment (attached) to prohibit the processing of eggs for human food in any manner which does not allow examination of the content of individual eggs and egg content to commingle with the egg shell or shell membrane during processing. After discussion, the amendment was agreed to by voice vote.

Mr. Huckaby offered two amendments (attached), en bloc, which would require the Secretary to make advance deficiency payments available to cotton and rice producers who agree to participate in an acreage limitation or set-aside program. And after brief discussion, the amendments were agreed to by voice vote.

Mr. Franklin offered an amendment (attached) which would provide for a discretionary farm debt restructure and conservation set-aside program. He explained that identical language had been agreed to by the Senate Agriculture Committee. Mr. Brown suggested Committee Report language to the effect that should the Secretary decide to undertake this program, it be done on a pilot basis so that its impact could be studied and the Committee be so advised of its effects. There was no objection to the Report language, and Mr. Franklin's amendment was agreed to by voice vote.

Tuesday, July 30, 1985
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Acting Chairman Rose chaired the meeting from 11:15 until the Committee was adjourned at 12 noon, to reconvene at 2:00 p.m., this date, to continue consideration of the Food Security Act.

Peggy Pecore
Peggy Pecore

NINETY-NINTH CONGRESS

WALTER B. JONES, NORTH CAROLINA, CHAIRMAN

MARIO BIAGGI, NEW YORK
GLENN M. ANDERSON, CALIFORNIA
JOHN B. BREAUX, LOUISIANA
GERRY E. STUDDS, MASSACHUSETTS
CARROLL HUBBARD, JR., KENTUCKY
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CHIEF COUNSEL
EDMUND B. WELCH

MINORITY STAFF DIRECTOR
GEORGE D. PENCE

U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, DC 20515

July 30, 1985

Honorable E de la Garza
Chairman
Committee on Agriculture
Washington, D.C. 20515

Dear Mr. Chairman:

I have decided that at today's Agriculture Committee markup of the farm bill, I will not offer an amendment to strike that portion exempting certain USDA export programs from the government-impelled cargo laws. I appreciate your earlier cooperation in preserving my opportunity to do so.

Certain parts of the agriculture industry and representatives of the maritime industry have worked out a proposed solution to this dispute. I am reviewing this proposal but have not concluded whether it would be a good compromise. It may be that another Committee member may offer this proposal as an amendment at today's markup. I make no recommendations to you regarding that possibility.

In any event, should the farm bill as reported include either the current language or the new proposal regarding the government-impelled cargo laws, the Merchant Marine and Fisheries Committee will need a sequential referral for a short time. I will make sure this would not keep the farm bill from going to the House floor promptly.

With kind regards, I am

Sincerely,

Walter

Walter B. Jones
Chairman

IV

99TH CONGRESS
1ST SESSION

H. RES. 144

Recognizing the fiftieth anniversary of the Rural Electrification Program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 1985

Mr. DE LA GARZA (for himself and Mr. MADIGAN) submitted the following resolution; which was referred to the Committee on Agriculture

---

RESOLUTION

Recognizing the fiftieth anniversary of the Rural Electrification Program.

Whereas in 1935, most of rural America did not have electric lighting—nine out of ten farms were without central station electricity;

Whereas fifty years ago, on May 11, 1935, President Franklin D. Roosevelt created the Rural Electrification Administration (REA) by signing Executive Order 7037;

Whereas since 1936, Congress has passed and the President has signed legislation strengthening the role of the Rural Electrification Administration in assisting rural electric systems to ease the burdens of farm labor and meet the power needs of America's farmers, ranchers, and rural residents;

Whereas today, rural United States has electric power, nearly one thousand membership-owned rural electric systems provide service to about twenty-five million people in forty-six States, Puerto Rico, and the Virgin Islands;

Whereas Rural Electrification Administration borrowers have established a record of responsibility in meeting their repayment obligations unmatched in any other Federal program of financial assistance;

Whereas since 1961 Rural Electrification Administration borrowers have helped establish and expand more than twenty thousand commercial and industrial enterprises and community facilities that have created nearly one million new jobs; and

Whereas the Rural Electrification Administration, its borrowers, and rural people have formed a partnership that has brought electric power to those who live off the main roads and outside of the cities, thereby permitting them more fully to contribute to and share in the American dream: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that—

(1) the Rural Electrification Program must continue to provide financing and technical assistance at reasonable cost to ensure that the modern living standards of rural Americans and the quality of their communities are preserved through access to reliable and competitively priced electricity;

(2) the fiftieth anniversary of the creation of the Rural Electrification Administration and the Rural Electrification Program should be recognized; and

(3) the people of the United States and Federal and State governmental agencies are encouraged to commemorate, on the occasion of the fiftieth anniversary of the Rural Electrification Administration, the past accomplishments and continuing achievements of America's Rural Electrification Program with appropriate ceremonies and activities paying tribute to the thousands of rural electrification leaders throughout the Nation, who, in partnership with their Government, have made the United States Rural Electrification Program the symbol of hope and a model of excellence for other nations throughout the world.

○

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.RES. 144,

BY MR. DE LA GARZA

Viz: Strike out the text of the preamble and the resolution and insert in lieu thereof the following:

Whereas in 1935, most of rural United States did not have electric lighting, and nine out of ten farms were without central station electricity;

Whereas fifty years ago, on May 11, 1935, President Franklin D. Roosevelt created the Rural Electrification Administration by signing Executive Order 7037;

Whereas since 1936, Congress has passed and the President has signed legislation strengthening the role of the Rural Electrification Administration in assisting rural electric systems to ease the burdens of farm labor and meet the power needs of the Nation's farmers, ranchers, and rural residents;

Whereas today, rural United States has electric power, and nearly one thousand membership-owned rural electric systems provide service to about twenty-five million people in forty-six States, the Commonwealth of Puerto Rico, and the Virgin Islands;

Whereas Rural Electrification Administration borrowers have established a record of responsibility in meeting their repayment obligations unmatched in any other Federal program of financial assistance;

Whereas since 1961, Rural Electrification Administration borrowers have helped establish and expand more than twenty thousand commercial and industrial enterprises and community facilities in rural areas that have created nearly one million new jobs; and

Whereas the Rural Electrification Administration, its borrowers, and rural people have formed a partnership that has brought electric power to those who live off the main roads and outside of the cities, thereby permitting them more fully to contribute to and share in the American dream: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that--

(1) the rural electrification program must continue to provide financing and technical assistance at reasonable cost to ensure that the modern living standards of rural Americans and the quality of their communities are preserved through access to reliable and competitively priced electricity;

(2) the fiftieth anniversary year of the creation of the Rural Electrification Administration and the rural electrification program should be recognized; and

(3) the people of the United States and Federal and State governmental agencies are encouraged to commemorate the fiftieth anniversary year of the Rural Electrification Administration and the past accomplishments and continuing achievements of the Nation's rural electrification program with appropriate ceremonies and activities paying tribute to the thousands of rural electrification leaders throughout the Nation, who, in partnership with their Government, have made the United States rural electrification program the symbol of hope and a model of excellence for other nations throughout the world.

SHORT EXPLANATION OF THE AMENDMENT TO H.RES.144

BY MR. DE LA GARZA

The amendment will make technical and clarifying changes to the text of House Resolution 144.

As amended, the resolution will express the sense of the House of Representatives that --

(1) the REA's rural electrification program should continue to provide financing and technical assistance at reasonable cost to ensure that the modern living standards of rural Americans and the quality of their communities are preserved through access to reliable and competitively priced electricity; and

(2) the 50th anniversary year of the creation of the Rural Electrification Administration and the rural electrification program should be commemorated with appropriate ceremonies and activities.

[Note: During the last two months since H.Res.144 was introduced, 147 Members of the House of Representatives have joined Chairman de la Garza and Mr. Madigan in cosponsoring the resolution. On Friday, July 26, the Senate approved a similar resolution (S.Res. 148), commending the Rural Electrification Administration for its efforts and accomplishments over the past fifty years.]

AMENDMENT TO H.R. 2100
COMPARATIVE PRINT BOOK 2
OFFERED BY MR. BROWN OF CALIFORNIA

On page 267, after line 10, add the following:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY ON THE USE OF WEATHER AND CLIMATE INFORMATION IN AGRICULTURE"

SEC. 10__ (a) Congress finds that --

1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

2) the maintainence of current weather and climate analysis and information dissemination systems, and federal, state, and private efforts to improve these systems is essential if agriculture and silviculture are to avoid damage from atmospheric conditions;

3) agricultural and silvicultural weather services at the federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

4) efforts should be made, involving user groups, weather and climate information providers, and federal and state governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of the Congress that it is in the public interest to maintain an active federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

PURPOSE AND NEED FOR AMENDMENT

Over the last few years, the importance of timely weather information to agricultural and forestry operations has increased. Reduction of frost damage, increased effiency of farm chemical application, reduction of forest fire damage, combat of pest and disease infestations, and many other benefits have been shown to result from improved dissemination and use of agricultural weather information. With the increased use of information and communications technologies in agriculture, there is opportunity to expand the application of weather information in agriculture.

The National Weather Service (NWS), a part of the National Oceanic and Atmospheric Administration (NOAA), is the lead agency for developing weather information. They provide specialized agricultural weather forecasts and work in coordination with the Department of Agriculture to coordinate federal efforts in this area. Because these functions have never been specifically authorized, however, uncertainties about the level of federal support have hampered adequate development of a national program of weather and climate information of use to agriculture.

Joint hearings between the House Agriculture Subcommittee on Department Operations, Research, and Foreign Agriculture and the House Science and Technology Subcommittee on Natural Resources, Agricultural Research, and the Environment in 1984 pointed to increased benefits to agriculture and forestry if these information services could be expanded. There is a large private sector group of weather and information providers who could help expand these services by providing "value added" forecasts using NWS data.

What is lacking is a solid committment on the part of the federal government to continue to provide an adequate base of agricultural and forestry weather services upon which the user community and the private information provider community could expand. What this language does is state Congressional findings that this information is of value to the user and provider community and states Congressional policy that the continuation of these services is in the public interest.

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100

OFFERED BY MR. VOLKMER

At the end of title ___ (Miscellaneous General Provisions), add the following new section:

EMERGENCY FEED PROGRAM

Sec. ___. Section 1105(b)(2) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)(2)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

Amendment to H.R. 2100 Committee Print

(Book 1 of the text as reported by the Subcommittee)

Offered by Mr. Roberts and Mr. Glickman

On page 219, immediately after line 12 insert the following new section and redesignate subsequent sections accordingly:

"Sec. 1034. Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102 (c) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms."

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

June 7 1985

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is a proposed bill "To deny farm program benefits to agricultural producers who participate in the illegal production of cannabis or other prohibited drug-producing plants on their farms." Since 1972, USDA appropriation acts have contained similar provisions. This bill would clarify and codify those provisions.

The Department of Agriculture recommends that the proposed bill be enacted.

The language of the previous appropriations acts disallows the payment of USDA program payments to producers or program participants only if it is determined that they have harvested or knowingly permitted to be harvested for illegal use, marihuana, or other such prohibited drug-producing plants on any part of the lands owned or controlled by them. Thus, a producer could, for example, be convicted of growing or cultivating marihuana and still receive program benefits, if the illegal crop was confiscated or destroyed before the producer had harvested the crop. The bill should be enacted to eliminate this inconsistency by denying program benefits to producers who are engaged in any manner in the illegal activity of marihuana production on their farms.

Enactment of this proposed legislation would have no significant effect upon the quality of the human environment.

The Office of Management and Budget advises that there is no objection to the presentation of this proposed legislation from the standpoint of the Administration's program.

An identical letter is being sent to the President of the Senate.

Sincerely,

John R Block

John R Block
Secretary

Enclosure

[redacted] Notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting, cannabis (marihuana) or other prohibited drug-producing plants on any part of the lands owned or controlled by such entity, or of permitting any such activity on lands owned or controlled by them, shall be ineligible for the year(s) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers."

AMENDMENT OFFERED BY MR. PANETTA

Section 8d(2) of the Agricultural Marketing Act of 1937 (7 U.S.C. 608d(2)) is amended by--

(1) inserting in the first sentence, after "pursuant to this section", ", or provided by a producer or handler under section 8c,"; and

(2) striking out in clause (A) all that follows after "identify" to the end of such clause and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person, or".

PROPOSED REPORT LANGUAGE

The Committee restates its support for marketing orders and agreements as set forth in the Agricultural Marketing Agreement Act of 1937 as amended. The Committee supports the authority conferred upon the Secretary to establish and maintain orderly marketing conditions for any agricultural commodity enumerated in section 8c(2). This authority provides for the continuation of marketing orders to avoid unreasonable fluctuations in supplies and prices detrimental to consumers and producers when the price of a regulated commodity exceeds parity. This authority was added to the Agricultural Marketing Agreement Act of 1937 in 1954.

Historically, Marketing Order Administrative Committees, comprised of producer, handler, and consumer representatives appointed by the Secretary, have been instrumental in recommending regulations necessary to maintain orderly market conditions. In large measure, the Administrative Committees help to ensure that commodity supplies achieve specified quality standards in a regular flow established through marketing quotas. The Committee encourages the cooperation of the Secretary with designated Administrative Committees. To the extent that recommendations of the Administrative Committee are reasonable, further the purposes of the Agricultural Marketing Agreement Act of 1937, and reflect a consensus of all elements of an industry, the Secretary generally should not substitute his judgment for that of the industry in how best to market a crop.

The Committee supports the procedural changes in regard to all marketing orders for fruits and vegetables announced by John R. Norton, III, Deputy Secretary of the Agriculture Department, on June 11, 1985. The announced changes would (1) allow the Secretary of Agriculture to approve reasonable requests for marketing order committees to utilize outside counsel in rulemaking proceedings where the Office of General Counsel of the Department lacks sufficient staff with the necessary specialized expertise; and (2) allow each amendment to a marketing order to be voted on individually in a referendum and marketing orders to continue in effect even if one or more amendments lose in the referendum.

These announced changes reinstate longstanding and appropriate policies of the Department in regard to the use of outside counsel and the continuation of marketing orders irrespective of the defeat of any individual amendment to any order. The Committee welcomes the policy changes announced by the Department on June 11, 1985, and intends to closely monitor its performance in implementing them.

The Committee recognizes that effective enforcement through penalties for violations of marketing order agreements is essential to achieve the purposes of the Act. The Committee requests the Secretary to conduct a specific review of the Department's staffing capacities to perform these enforcement functions and report to the relevant Committees of Congress any significant changes in staffing levels that have occurred in recent years.

In furtherance of the purposes of the Act, the Secretary can request information from parties to any marketing agreement and all handlers subject to an order. Such information and reports furnished to the Secretary include the identification of growers and handlers by names and addresses, description of acreage, and other records pertaining to marketing orders maintained by the parties to such agreements.

The Committee recognizes the trust that parties subject to marketing orders have placed in the Secretary that information they provide will be kept strictly confidential and used only for purposes of administering the order. Disclosure has an adverse affect on members of the regulated industry. It dissuades people from cooperating and providing information to the Department. Accordingly, the Committee has adopted an amendment to prohibit the Secretary or any employee of the Department of Agriculture from distributing or disclosing grower lists to the public or mailing information on behalf of private citizens or groups to growers.

In keeping with its oversight authority, the Committee intends to closely monitor efforts by the Secretary to administer and enforce marketing order agreements. If vigorous enforcement of marketing order agreements is lacking in the future, the Committee will carefully review this situation and propose appropriate legislation to address any identified shortcomings.

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100

OFFERED BY MR. MARLENEE

(Amendment is to book 1 of the text reported by subcommittees)

On page 267, after line 10, insert the following:

"Subtitle D--Federal Crop Insurance

"DETERMINATIONS OF YIELD AND OF PARCELS OF LAND CONSTITUTING A FARM

"SEC. 1061.(a) For any crop of a commodity after the 1985 crop, the Federal Crop Insurance Corporation and the Board of the Corporation shall continue to make available to producers (through reinsurance or otherwise under the Federal Crop Insurance Act) insurance against loss of yield under area coverage plans that provide for determining loss of yield based on the recorded or appraised average yield of the commodity on the insured farm for a representative period (subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just).

"(b) Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by--

"(1) striking out "Any" in the fifth sentence and inserting in lieu thereof "One plan of";

"(2) inserting after the sixth sentence the following:

"'The Corporation, to the extent practicable, shall also make available to producers, for any crop of a commodity after the 1985 crop, a plan of insurance against loss in yield that provides for determining loss in yield based on the actual production history of the producer involved. Whenever insurance under such actual production history plan can be made available to a producer and insurance against loss of yield under such plan would provide greater protection to the producer than insurance against loss in yield based on the recorded or appraised average yield of the commodity on the insured farm for a representative period (subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just), the Corporation shall make insurance under the actual production history plan available to the producer.'; and

"(3) inserting before the period at the end of the seventh sentence the following:

"', under any insurance plan that requires yield to be so determined, nor any level of coverage in excess of 75 per centum of the yield determined from the actual production history of the producer involved under any insurance plan that requires yield to be so determined'.

"(c)(1) For purposes of determining, under the Federal Crop Insurance Act, which parcels of land constitute a farm for any crop of a commodity after the 1985 crop, until the expiration of the 4-year period beginning on the date of the enactment of this Act, the Federal Crop Insurance Corporation and the Board of the

Corporation shall apply and comply with the guidelines used by the Corporation for the purposes of making such determinations for the 1984 crops.

"(2) Not later than the end of the four-year period starting on the date of enactment of this Act, the Federal Crop Insurance Corporation shall--

"(A) conduct actuarial studies to determine the economic effect on producers of any change proposed to be made by the Corporation to the guidelines referred to in paragraph (1); and

"(B) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the nature of such studies and evaluating the results of such studies.".

BACKGROUND AND EXPLANATION OF MARLENEE'S CROP INSURANCE AMENDMENTS

The Federal Crop Insurance Corporation has initiated two program changes that will have an adverse impact on our nation's farmers. These changes are:

The Actual Production History, (APH). APH coverage plan was implemented for 1985 on many crops on a mandatory basis. Under this plan, farmers are required to report their annual yields as a condition of receiving crop insurance. The amount of insurance coverage they receive is based on these individual yields.

Producers who suffer from successive years of crop losses could have the effect of drastically lowering the annual yields as well as drastically lowering the amount of insurance coverage they receive.

Unit Definition. The Insurance Unit definition for computing claims is being changed for 1986 and 1987. This change may require the combination of all of a farmer's land into a single insurance unit within his county or state. This would result in averaging the yield for all the land tracts that a grower operates.

The end result will often eliminate coverage for localized disasters. A producer could suffer a crop loss on a substantial portion of his acreage, yet receive no crop insurance benefits because the average for his entire acreage was not lowered enough to collect those benefits.

Explanation of the Marlenee Amendment

The amendment would do the following:

1) It would give farmers the option of purchasing coverage based on their annual yields as FCIC has proposed, or using the traditional method of coverage, based on the historical pattern of production in his area.

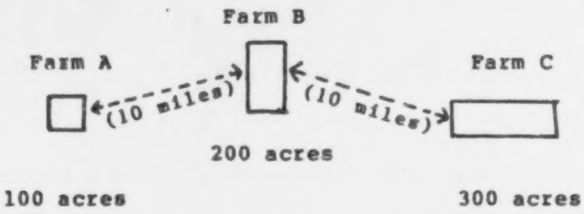
2) It would maintain the 1984 Unit guidelines which have been in place since 1979, and which are generally acceptable. These guidelined will remain in place for a four year period beginning with the date of enactment of the Farm Bill.

The FCIC would also be required to carry out actuarial studies to determine the economic impact of any changes in the unit guidelines, and submit to the House and Senate Agriculture Committees a report describing the nature of these studies.

MARLENEE AMENDMENT

EXAMPLE

A producer farms three separate parcels of land in the same county. Each farm is located ten miles away from the other units.



Since each farm is located in different parts of the county, hail, flood or other weather disasters can wipe out or limit production on one farm, without affecting the other two farms.

In this example, each farm is insured separately for 18.75 bushels per acre, or 75% of the normal 25 bushels per acre yield expected for each farm.

In this particular year, the following occurred:

Farm A -- (100 acres), produced 25 b/acre (2500 bushels)
Farm B -- (200 acres), suffered complete disaster -- 0 production
Farm C -- (300 acres), produced 30 b/acre (9000 bushels)

Total of 3 farms
600 acres, average 19.1 b/acre (11,500 b)

As can be seen, the farmer suffered a complete loss on the 200 acre farm, Farm B, which totals 33% of his total acres.

Result of Marlenee Amendment if approved:

Under the Marlenee amendment, which would retain the present unit guidelines, the farmer would receive insurance benefits equal to 18.75 bushels per acre for Farm B. This is because each of his three farms is located in different parts of the county and, being thereby subject to conditions that can vary within a county, are considered to be separate insurance units by FCIC.

Results if FCIC changes are allowed:

However, if FCIC's proposed unit guidelines were in effect for this farmer, he would receive no insurance benefits at all. This is because all of his land, although divided into 3 parcels ten miles distant from each other, would be considered one unit for crop insurance purposes.

Under these proposed guidelines, since the farmer averaged 19.1 bushels per acre in total production on all farms (higher than the 18.75 b/per acre for which he is insured), FCIC would rule that no loss occurred, and no crop insurance benefits would be granted.

This is despite the fact that he was wiped out on 200 acres, one third of his production, and received normal yields on the remainder.

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY Mr. Thomas of Georgia

(Amendment is to Book 1 of the text reported by subcommittees.)

Page 267, after line 10, insert the following:

"(d) Notwithstanding any other provisions of law, all poultry or poultry products capable of use as human food, offered for importation into the United States shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary. The provisions of this subsection shall become effective six months after enactment of the bill."

AMENDMENT TO COMPARATIVE PRINT OF H.R. 2100
OFFERED BY MR. THOMAS OF GEORGIA

(Amendment is to book 1 of the text reported by subcommittees.)

Page 267, after line 10, insert the following:

Subtitle D--Inspection of Eggs and Egg Products

PROHIBITED PROCESSING

Sec. 1060. Section 8 of the Eggs Products Inspection Act (21 U.S.C. 1037) is amended--

(1) by redesignating subsections (d) and (e) as subsections (e) and (f) respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d) No person shall process any eggs for human food in any manner which--

"(1) does not allow examination of the content of individual eggs being processed; and

"(2) allows egg content to commingle with the egg shell or shell membrane during processing."

Amend Title X
(as reported by the Subcommittee)
offered by Mr. Huckaby

On page 234, after the sentence that ends on line 22, insert the following new sentence:

"Effective for each of the 1986 through 1989 crops of cotton and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of cotton or rice under this Act, and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program."

AMENDMENT TO SUBSTITUTE FOR THE CREDIT PROVISIONS OF H.R. 2100

Offered by Mr. ~~Jones~~ Tallon.

Strike out section 1304, including the heading thereof, and insert in lieu thereof the following:

"RURAL INDUSTRIAL ASSISTANCE

"SEC. 1304.(a) Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by--

'(1) adding at the end of subsection (a) the following new sentence: 'No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount.';. and

'(2) adding at the end thereof the following new subsection:

'(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be utilized in such production.

'(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

'(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.

"(b) The amendment made by subsection (a)(2) of this section shall become effective on October 1, 1986.'.".

#

WEBB FRANKLIN

COMMITTEE ON AGRICULTURE

Congress of the United States
House of Representatives
Washington, DC 20515

Amendment to the Subcommittee Print which includes provisions of H.R. 1000, The Farm Debt Restructure and Conservation Set-Aside Act of 1985.

Provisions in H.R. 1000 have been

- Approved by the Senate Committee on Agriculture to be included in the 1985 farm bill.

- Endorsed by Republicans on the House Committee on Agriculture as part of the original framework for the 1985 farm bill.

- Bipartisan support by members of the House Committee on Agriculture who are co-sponsors.

Secretary of Agriculture is given the discretion to acquire long-term easements (at least 50 years) for public use on marginal farm land for conservation, hunting, recreational, and wildlife purposes. These easements will be obtained from the present FmHA inventory and from delinquent FmHA borrowers who are farming marginal crop land. In exchange for turning over their land to the government for public use, farmers will be allowed to write down their debts with the Farmers Home Administration at the appraised value.

Results of this legislation would be:

(1) The individual farmer would be left with his most productive land and a lower debt. This would allow many farmers to service the lower debt and stay in business as profitable producers.

(2) Many marginal acres would be permanently retired and no longer subsidized by the government. Because this land will be taken out of production it will not be producing crops and competing with land owned by privately financed farmers.

(3) The land set aside would be used as wildlife habitats, forests, and game preserves with management agreements between the Secretary of Agriculture, the Director of the Fish and Wildlife Service and individual states. Conservation practices would be established to protect this resource for future generations.

(4) The public would be allowed to use the land for recreation and hunting.

ALL THESE THINGS CAN HAPPEN WITHOUT THE FLOW OF ACTUAL DOLLARS. INSTEAD OF ACCOUNTING FOR A LOSS THE FEDERAL GOVERNMENT CAN NOW RECORD AN ASSET IN LAND THAT WOULD BE USED FOR THE BENEFIT OF ALL AMERICANS. FURTHERMORE, WE WOULD CONTRIBUTE TO THE SECURITY OF AGRICULTURE AND GIVE ALL OUR TAXPAYERS SOMETHING OTHER THAN A LOSS OR A FORECLOSURE FOR THEIR HARD-EARNED TAX DOLLARS.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, July 30, 1985

~~(Sub)~~ Committee: Full

Meeting: Business - p.m.

Subject: Food Security Act

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 2:15 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Brown
Mr. Rose
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Stenholm

Mr. Volkmer
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Susan Adkins, Minority Consultant
Robert A. Cashdollar, Subcommittee Staff Director
Glenda Temple, Staff Assistant
Kim Schnoor, Subcommittee Staff Director

Debbie Dawson, Staff Assistant
Carol Ann Dubard, Staff Assistant
Robert J. Fersh, Subcommittee Staff Director
Lynn Gallagher, Minority Consultant
Jim Johnson, Staff Assistant
Eugene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Peggy L. Pecore, Clerk

Witnesses:

Present to respond to questions:

Mr. Doug Bellis, House Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

Mr. Kenneth A. Gilles, Federal Grain Inspection Service, USDA

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1[illegible]

Tuesday, July 30, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Action Taken:

--By voice vote, agreed to English amendment to provide for a watermelon research and promotion program, with an amendment suggested by the Department of Agriculture.

--By voice vote agreed to Huckaby amendment to freeze target prices for cotton and rice at the current levels.

--By a division vote of 9 yeas-18 nays, did not agreed to Rose substitute amendment to the Stenholm ASCS county committeemen amendment.

--By voice vote, agreed to Stenholm amendment.

--Without objection, agreed to Foley unanimous consent request that the motion to reconsider votes taken on the Foley wheat amendment, the Stangeland, et al amendment and any amendments thereto be in order the day following.

--By voice vote, agreed to Glickman amendment to give the Secretary discretionary authority to prescribe production targets in terms of bushels in the wheat and feed grains programs.

--By voice vote, agreed to de la Garza amendment to extend the Resource Conservation Act of 1977.

--By voice vote, did not agree to Bedell amendment to include "in-kind" payments under the $50,000 payment limitation.

--By voice vote, agreed to Bedell amendment to Evans, Iowa, grain quality for export amendment, regarding moisture content criteria.

--By voice vote, agreed to Evans, Iowa, amendment, as amended.

--Without objection, agreed to Glickman unanimous consent request to perfect his National Commission on Agricultural Policy amendment, to change the number of members of a political party which may be appointed.

--By voice vote, agreed to Glickman amendment, as perfected.

--By voice vote, agreed to Bedell amendment to establish a new grade of grain for that which exceeds U.S. No. 1.

--By voice vote, agreed to the Stallings refined amendment regarding Social Security Administration participation in food stamp applications.

--By voice vote, agreed to Smith harvesting and grazing amendment to the Gunderson conservation reserve amendment.

Action Taken, continued:

--By voice vote, agreed to Gunderson amendment, as amended.

--By voice vote agreed to Jeffords amendment to extend existing authority regarding dairy research and promotion to imported dairy products.

Chairman de la Garza called the meeting to order and recognized Mr. English to offer an amendment (attached) to the Food Security Act which would authorize a research and promotion program for watermelons. By unanimous consent, Mr. English included language suggested by the Department as a part of his amendment. After brief discussion, the amendment was agreed to by voice vote.

Mr. Huckaby offered two amendments (attached) en bloc, which would provide that the target prices for cotton and rice would remain at the 1984 levels, and they were agreed to by voice vote.

Mr. Stenholm offered an amendment (attached) to change the manner in which Agricultural Stabilization and Conservation Service county committeemen are elected. Mr. Rose offered an amendment (attached) in the nature of a substitute. He explained the differences in his amendment, the Staeholm amendment, and present law. Attached is a comparison he distributed, showing these differences.

After discussion and a negative voice vote, Mr. Rose asked for a division vote. The amendment was not agreed to by a vote of 9 yeas-18 nays, and the Stenholm amendment was agreed to by voice vote.

Mr. Foley asked unanimous consent that the pending motion to reconsider the vote on his wheat amendment, the Stangeland, et al amendment, or any amendment thereto extend to the day following. There was no objection.

Mr. Glickman offered an amendment (attached) to give the Secretary authority to prescribe production targets in the wheat and feed grain programs in terms of bushels, and after brief discussion, the amendment was agreed to by voice vote.

Mr. Stenholm discussed an amendment he might offer to make the farm bill apply to five years; instead of four.

Chairman de la Garza offered an amendment (attached) to reauthorize the Resource Conservation Act of 1977, and it was agreed to by voice vote

Tuesday, July 30, 1985 P.M.
Full Committee
Business Meeting
H.R. 2100 and Committee Print of the
Food Security Act of 1985

Mr. Bedell offered an amendment (attached) which would make the $50,000 payment limitation to producers include "in-kind" payments. After general discussion, the amendment was not agreed to by voice vote.

Mr. Evans, Iowa, offered an amendment (attached) regarding the quality of grain for export. After discussion, Mr. Bedell offered an amendment to the amendment, regarding moisture content of the grain, and it was agreed to by voice vote. The Evans, Iowa, amendment, as amended, was agreed to by voice vote.

Mr. Glickman offered an amendment (attached) which would establish a National Commission on Agricultural Policy, and by unanimous consent, he changed from seven to nine the number of Commission members of a political party. The amendment, as perfected, was agreed to by voice vote.

Mr. Bedell offered an amendment (attached) to authorize the Administrator of the Federal Grain Inspection Service to designate new grades for grain which quality exceeds U.S. No. 1, and it was agreed to by voice vote.

Mr. Panetta discussed an amendment he had planned to offer regarding a study of the impact of the African honey bee. He informed the Committee the Department of Agriculture would be reviewing this problem and would be informing the Committee the results of the study.

Mr. Stallings offered a refined version of his amendment agreed to on July 11, 1985 regarding the use of Social Security Administration offices for food stamp applications. The amendment is attached. After the amendment was discussed, it was agreed to by voice vote.

Mr. Gunderson offered an amendment to prohibit conservation reserve contract participants to use contract land for commercial purposes. Mr. Smith offered an amendment (attached) to add a proviso to allow harvesting or grazing of other commercial use of the forage on contract land in the event of a drought or similar emergency, and it was agreed to by voice vote.

The Gunderson amendment, as amended, was agreed to by voice vote.

Mr. Jeffords offered two amendments (attached) en bloc, which would make the existing dairy research and promotion law apply to imported dairy products, and they were agreed to by voice vote.

Chairman de la Garza adjourned the meeting at 5:12 p.m., and announced the Committee would meet at 10:00 a.m. on Wednesday, July 31, 1985, to continue marking up the Food Security Act.

Peggy Pecore

Peggy Pecore

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date July 31, 1985

~~(Sub)~~ Committee: Full

Meeting: Business - a.m.

Subject: Food Security Act

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 10:20 a.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. Foley
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Coelho
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Tallon
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr. de la Garza
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Gene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant

Carol Dubard, Staff Assistant
Howard Conley, Staff Economist
Glenda Temple, Staff Assistant
Peggy Pecore, Clerk
William E. O'Conner, Assistant Minority Staff Director

Witnesses:

The following were present to respond to questions:

1. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
2. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA
3. Mr. Robert Weinhagen, Office of House Legislative Counsel

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—[illegible]

Wednesday, July 31, 1985
Full Committee
Business Meeting - a.m.
Food Security Act
H.R. 2100 and Committee Print

Action Taken:

-- By voice vote, Emerson amendment on soybean price support agreed to.

-- By voice vote, soybean title tentatively approved for inclusion in the farm bill.

-- Without objection, Foley unanimous consent request to include provisions of previously considered Stangeland et al amendment on recourse loans approved.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act.

Mr. Foley, Chairman of the Subcommittee on Wheat, Soybeans, and Feed Grains, was recognized to explain the provisions of Title VIII--Soybeans, and discussion occurred.

Mr. Emerson offered the attached amendment providing a price support program for soybeans. Discussion occurred and by a voice vote the amendment was agreed to. The soybean title was then tentatively approved by voice vote for inclusion in the farm bill.

Mr. Foley asked unanimous consent to include in the wheat and feed grains titles previously approved a modified Stangeland et al amendment which would give the Secretary another discretionary option for setting loan rates. He stated he offered the proposal without prejudice to a pending request to reconsider the vote on the Foley amendment, and amendments thereto. Considerable discussion occurred and without objection the motion was agreed to.

Mr. Volkmer asked the Department to have the information he had requested for consideration at the August 1 meeting.

During the proceedings one recess was taken at 11:20 a.m. to enable members to respond to a recorded vote on the House floor. At 11:50 a.m. the meeting was adjourned to reconvene at 2:00 p.m. this date for further consideration of the Food Security Act and amendments thereto.

Glenda Temple

Glenda Temple

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the subcommittee)
Offered by Mr. Emerson

Strike all in Title VIII, Soybeans, page 186, line 12, through page 188, line 26 and insert in lieu thereof the following:

TITLE VIII—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 801. Effective only for the 1986 through 1989 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof a new subsection as follows:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the four marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years except that in no event shall the Secretary establish a support price of less than $5.02 per bushel: *Provided,* That if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the marketing year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans.".

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, July 31, 1985

~~(Sub)~~ Committee: Full

Meeting: Business - p.m.

Subject: Food Security Act

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 2:25 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Rose
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Tallon
Mr. Staggers
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Peggy Pecore, Clerk
Glenda Temple, Staff Assistant
Kathy Hughes, Staff Assistant

Gene Moos, Subcommittee Staff Director
Mike Neruda, Minority Consultant
Bob Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
William E. O'Conner, Assistant Minority Staff Director

Witnesses:

Present to respond to questions:

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

Mr. Wayne Bjorlie, Office of Budget and Program Analysis, USDA

Mr. Kenneth Weinhagen, Office of House Legislative Counsel

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—64773-1

Wednesday, July 31, 1985
Full Committee
Business Meeting - p.m.
Food Security Act
H.R. 2100 and Committee Print

Action Taken

-- By voice vote English amendment on inspection and other standards for imported meat products agreed to.

-- Without objection Bedell amendment to Morrison amendment approved.

-- By voice vote Morrison amendment, as amended, adding additional surplus commodities to the list offered as bonus commodities adopted.

-- By voice vote Evans (Iowa) technical amendment deleting jurisdictional problem agreed to.

-- By voice vote Roberts amendment on export subsidies agreed to.

-- By voice vote Bedell amendment providing for joint operations agreed to.

-- Without objection Lewis amendment to Daschle swampbuster amendment agreed to.

-- By show of hands vote of 11 yeas-15 nays Franklin amendment to Daschle swampbuster amendment not approved.

-- By voice vote Daschle swampbuster amendment, as amended, adopted.

-- By voice vote Schuette amendment on cooperative program agreed to.

-- Without objection de la Garza report language on gleaning approved.

-- By voice vote de la Garza amendment providing for federal agricultural research facilities adopted.

-- Without objection Madigan amendment on eligibility for assistance in cases of family farming operations withdrawn.

-- By show of hands vote 6-9 Committee adjourned.

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act. He suggested that the Committee continue with miscellaneous amendments.

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Mr. English offered the attached amendment providing that for the importation of meat the Secretary shall require certification of the foreign country that no residues of any drugs or chemicals that are prohibited in the use of meat in this country are in evidence. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Morrison offered the attached amendment to the export PIK program which would add additional surplus commodities to the list to be offered as bonuses. Discussion occurred and Mr. Bedell asked if there was objection to adding "subject to the approval of both parties" to the amendment. Without objection the Bedell proposal was agreed to. Further discussion occurred and the Morrison amendment, as amended, was adopted by voice vote.

Mr. Evans (Iowa) offered the attached technical amendment which would eliminate a jurisdiction problem with the Education and Labor Committee on staffing of Farmers Home offices during rush periods. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Roberts offered the attached amendment which would require that export subsidy programs be applied to commodities that are exported by the U.S. and being adversely affected by competitor subsidy practices. Discussion occurred and by a voice vote the proposal was agreed to.

Mr. Bedell offered the attached amendment which would add language permitting Farmers Home Administration to make loans for joint operations. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Daschle reoffered his perfected swampbuster amendment (copy attached). The amendment protects fragile wetlands from conversion to agricultural production but allows a number of exemptions. Discussion occurred.

Mr. Lewis offered the attached amendment to the Daschle proposal which would clarify the definition of wetland to allow the rebuilding of Florida's citrus industry which had suffered from three severe freezes but yet maintained the environmental concerns of the bill. Discussion occurred and without objection the Lewis amendment was agreed to.

Mr. Franklin offered the attached amendment to the Daschle amendment. The Franklin proposal would add an additional exception to address problems in Mississippi and Louisiana. Discussion occurred and Mr. Daschle stated that he felt the intent of the Franklin amendment could be handled by report language. Discussion

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continued and by a show of hands vote of 11 yeas-15 nays the Franklin amendment was not agreed to.

Mr. Gunderson questioned whether artificially created bogs were covered and was assured by the author of the amendment that bogs were included. Discussion continued and by a voice vote the Daschle amendment, as amended, was agreed to.

Mr. Schuette offered the attached amendment expressing congressional support for the continuation of the agricultural market development program commonly called the cooperative program. Discussion occurred and by a voice vote the proposal was agreed to.

Chairman de la Garza offered the attached report language on domestic gleaning. Discussion occurred and without objection the language was approved for inclusion in the Committee report.

Mr. de la Garza offered the attached amendment providing an authorization of appropriations for federal agricultural research facilities. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. English raised a parliamentary inquiry on the status of the request for reconsidering the vote on the Foley wheat amendment. The Chairman advised that the request to reconsider would have to be made at today's meeting, but since the actions of the Committee are tentative, it would be possible to offer an amendment prior to conclusion of consideration of the legislation.

Mr. Madigan offered the attached amendment which would provide that in determining eligibility for assistance in the case of a family farming operation operated by more than one nonspousal adult member of the same family, the operation shall be considered to meet the family farm requirement established by the Secretary if the interest of each such member in the operation meets such requirement. Discussion occurred and Mr. Madigan withdrew his amendment without objection, and staff was asked to come up with language to address problems raised by the Members.

The Chairman asked how many of the Members wished to return after a pending vote and by a show of hands vote of 6-9, the Committee voted to adjourn. Whereupon at 5:35 p.m. the meeting was adjourned to reconvene at 10:00 a.m. on Thursday, August 1. During the proceedings two recesses were taken at 2:40 and 3:55 p.m. to enable Members to respond to recorded votes on the House floor.

Glenda Temple
Glenda Temple

Amendment offered by Mr. English:

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT PRODUCTS

Amendment in the nature of a substitute: Amendment to Title I:

After Section 111, insert the following section and renumber the succeeding sections accordingly:

Section 112. Section 20 of the Federal Meat Inspection Act (21 U.S.C.A. 620) is amended by striking subsection (f) and inserting in lieu thereof the new subsection (f) as follow:

(f) Notwithstanding any other provision of law, all carcasses, parts of carcasses, meat and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, capable of use as human food, offered for importation into the United States shall be subject to the inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such meat articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary. The Secretary shall require certification that the foreign country offering such meat or meat products for export to the United States maintains a program using reliable analytical methods to assure compliance with the United States standards for residues. No meat or meat products shall be offered for entry into the United States from countries for which the Secretary has not issued such certification. The Secretary shall periodically review such foreign countries for certification and shall revoke such certification when he determines that the country is not maintaining a program which uses reliable analytical methods to assure compliance with the United States standards for residues. The review of foreign countries shall include the review of individual establishments to assure that foreign inspection systems are meeting United States standards.

Amendment to H.R. 2100 Committee Print
(Book 2 of the text as reported by the subcommittee)
Offered by Mr. Morrison of Washington

Page 16, strike "and" in line 18 and in line 19 after the words "United States" insert ", any other agricultural commodity that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) except that no such agricultural commodity may be purchased with such funds for the sole purpose of use under this subsection,".

AMENDMENT TO H.R. 2100
As reported by the Subcommittees

Offered by Mr. Evans of Iowa

In section 1308, on page 65 (Book 2), strike out all that follows "programs" on line 1 through line 3, and insert in lieu thereof a period.

Amendment by Mr. Roberts (export subsidies)

Amend Subsection 1123 (a)(3) by replacing the language preceding paragraph (A) with the following: (3) "The Secretary shall provide agricultural commodities and/or cash under the program to the extent necessary, as determined by the Secretary, to counter or offset the adverse impact on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, and may provide commodities under the program--"

The current provision on the export subsidy program, as amended by Mr. English, is worded such that it could require the Department to start up export subsidy programs on all commodities which receive a subsidy in the world market, regardless of whether we have or have had commercial exports of that commodity. For instance, it could require us to set up subsidy programs to export sugar or dairy products to the Soviet Union. Since export subsidies are used by other countries to promote sales of (these) agricultural commodities.

The language above would require that these subsidy programs be applied to commodities that are exported by the U.S. and are being adversely affected by competitor subsidy practices.

AMENDMENT TO H.R. 2100

by Mr. Bedell

On Page 68 (Book 2), after line 26, add a new section as follows:

"Sec. ( ). (a) Section 302 of the Consolidated Farm and Rural Development Act, As Amended (7 U.S.C. 1922), is amended by amending the first sentence to read as follows: 'The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States, and to farm cooperatives and private corporations, partnerships, and joint operations that are controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section.

"(b) Section 311 of the Consolidated Farm and Rural Development Act, As Amended (7 U.S.C. 1941), is amended by amending the first sentence to read as follows: 'The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States, and to farm cooperatives and private corporations, partnerships, and joint operations that are controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section.

"(c) Section 321 of the Consolidated Farm and Rural Development Act, As Amended (7 U.S.C. 1961) is amended by amending the second clause in the first sentence to read as follows: '(2) farm cooperatives or private domestic corporations, partnerships, or joint operations in which a majority interest is held by members, stockholders, partners, or individuals who are citizens of the United States if the cooperative, corporation, partnership, or joint ownership is engaged primarily in farming, ranching, or aquaculture...'

"(d) Section 343 of the Consolidated Farm and Rural Development Act, As Amended (7 U.S.C. 1991) is amended by--

"(1) striking "and" where it appears before clause (6);

"(2) striking the period at the end of clause (6) and replacing it with a semicolon; and

"(3) adding a new clause as follows: 'and (7) the term 'joint operation' is a joint farming operation where two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income.'

AMENDMENT TO TITLE XII, RESOURCE CONSERVATION,
OF H.R. 2100, AS AGREED TO BY THE COMMITTEE

Offered by Mr. Daschle

Strike out sections 1201 through 1203, and 1206 through 1209, and insert in lieu thereof the following:

"DEFINITIONS

"SEC. 1201. As used in this title--

"(1) the term 'agricultural commodity' means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

"(2) the term 'conservation district' means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or similar name;

"(3) the term 'converted wetland' means land that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity which results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if--

"(A) such production would not have been possible but for such action; and

"(B) before such action--

(i) such land was wetland; and

(ii) such land was neither highly erodible land nor highly erodible cropland, as defined in this section.

"The term does not include (A) artificial lakes or ponds created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control, (B) wet areas created by water delivery systems or the application of water for irrigation, (C) wetlands on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics, or (D) wetlands on which such production is possible as a result of actions by the producer whose cumulative and individual impact on the hydrological and biological values of the wetlands is minimal, determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

"(4) the term 'field' means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of enactment of this title and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on the date of enactment, and except further that the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this title;

"(5) the term 'highly erodible land' means land--

"(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of enactment of this title; or

"(B) that would, if used to produce an agricultural commodity, have an excessive rate of erosion, in relation to the soil loss tolerance level as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope. The land capablility class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

"(6) the term 'highly erodible cropland' means highly erodible land that is in cropland use, as determined by the Secretary;

"(7) the term 'Secretary' means the Secretary of Agriculture; and

"(8) the term 'wetland', except when such term is part of the term 'converted wetland', means land that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of vegetation typically adapted for life in saturated soil conditions.

"PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

"SEC. 1202.(a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of enactment of this title any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for--

"(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

"(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

"(3) crop insurance under the Federal Crop Insurance Act;

"(4) a disaster payment under the Agricultural Act of 1949; or

"(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Devlelopment Act or any other provision of law administered by the Farmers Home

Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

"(b) The Secretary shall issue regulations defining the term 'person' and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on fields or converted wetlands other than those operated by the tenant or sharecropper.

"EXEMPTIONS

"SEC. 1203.(a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity--

"(1) except as otherwise provided in section 1205(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set-aside, diverted, or otherwise not cultivated under provisions of a Departrment of Agriculture program for any such crops to reduce production of an agricultural commodity;

"(2) planted before the date of enactment of this title;

"(3) planted during any crop year beginning before the date of enactment of this title;

"(4) on highly erodible land in an area (A) within a conservation district under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district, or (B) not within a conservation district under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

"(5) on highly erodible land if the land was planted in reliance on the determination by the Soil Conservation Service that the land was not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil Conservation Service determines the land to be highly erodible land;

"(6) on converted wetland if the land became converted wetland before the date of enactment of this title; or

"(7) on wetland that became converted wetland (A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the U.S. Fish and Wildlife Service, or (B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the U.S. Fish and Wildlife Service.

"(b) The provisions of section 1202 shall not apply to any loan made before the date of enactment of this title.".

LEWISF009

AMENDMENT TO THE AMENDMENT OFFERED BY MR. DASHLE OFFERED BY MR. LEWIS OF FLORIDA

In the matter proposed to be inserted by the amendment, in the paragraph defining the term ``wetland'' in section 1201--

(1) after ``groundwater'', insert ``having a predominance of hydric soils''; and

(2) after ``prevalance of'' insert ``hydrophytic''.

FRANKL014

[Discussion Draft]

[29 July 1985]

AMENDMENT TO THE AMENDMENT OFFERED BY
OFFERED BY MR. FRANKLIN OF MISSISSIPPI

In section 1201(3) of the matter proposed to be inserted by the amendment, strike out ``or'' immediately before ``(D)'' and insert before the semicolon at the end of subparagraph (D) the following:

or (E) a small area that is or was wetland located in a field of which the predominant part is not wetland

AMENDMENT OFFERED

BY

CONGRESSMAN BILL SCHUETTE

In Title XI, Sec. 1122 at the appropriate place, insert the following:

"(   ) It is the intent of Congress that the U.S. Department of Agriculture, Foreign Agriculture Service cooperator market development program be continued to help develop new markets and to expand and maintain existing markets, using non-profit agricultural trade organizations to the maximum extent practicable.

(   ) The cooperator market development program shall be exempt from the requirements of OMB Circular A 110."

DOMESTIC GLEANING REPORT LANGUAGE

In view of the substantial increase in the number of persons seeking food assistance at food banks, soup kitchens, and other emergency food centers, the Committee on Agriculture strongly endorses the gleaning of agricultural commodities whereby growers of such commodities allow non-profit organizations to collect unharvested commodities and distribute them to programs providing food to individuals in need.

According to an analysis by the General Accounting Office, as early as 1974 the loss of food not harvested amounted to 60 million tons valued at $5 billion.

To support efforts to supplement the diets of hungry people in this country, a number of State and local governments have enacted "Good Samaritan" laws that limit the liability of donors and serve as an incentive for food contributions. Additionally, numerous civic, religious, charitable, and other non-profit organizations have begun gleaning programs to channel these foods to the hungry throughout the country.

The Committee commends the growers of agricultural commodities who permit gleaning of their fields and civic, religious, charitable, and other non-profit organizations for their contributions to feeding the hungry. The Committee encourages State governments to enact tax and other incentives to increase the number of producers who permit gleaning and the number of shippers who donate or reduce rates for transportation of the gleaned commodities to the hungry.

AMENDMENT OFFERED BY MR. DE LA GARZA

COMPARATIVE PRINT, BOOK 2, COLUMN 2:

Page 101, lines 12 through 20, strike out section 1439 and insert in lieu thereof the following:

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

Section 1439(a). There is authorized to be appropriated beginning with fiscal year 1988 such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service: Provided, That the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying--

(1) the location of each building, laboratory, and research facility planned, constructed, acquired, repaired, or remodeled, and other public improvements made in the fiscal year involved, with funds appropriated under subsection (a); and

(2) with respect to each such building, laboratory, and research facility--

(A) the amount of such funds obligated in such fiscal year; and

(B) the amount of such funds expended in such fiscal year for such purpose.

Amendment to H.R. 2100 Committee Print
(Book 1 of the text as reported by the Subcommittee)
Offered by Mr. Madigan

On page 267 add the following new section:

"Sec. ______ The Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 Note) is amended by adding the following new section to subtitle D:

"Sec. 349. In determining eligibility for assistance under this title, in the case of a family farming operation operated by more than one nonspousal adult member of the same family, the operation shall be considered to meet the 'family farm' requirement established by the Secretary if the interest of each such member in the operation meets such requirement."

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, August 1, 1985

~~(Sub)~~ Committee: Full

Meeting: Business

Subject: Food Security Act

Bill Nos. H.R. 2100 and Committee Print

The Full ~~(Sub)~~ Committee

met in open Session at 10:45 a.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Glickman
Mr. Whitley
Mr. Stenholm
Mr. Volkmer
Mr. Tallon

Mr. Staggers
Mr. Evans (Ill.)
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
William E. O'Conner, Assistant Minority Staff Director
Kathy Hughes, Staff Assistant
Glenda Temple, Staff Assistant

Witnesses:

Present to respond to questions:

1. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
2. Mr. Wayne Bjorlie, Office of Budget and Program Analysis, USDA.
3. Mr. Doug Bellis, Office of House Legislative Counsel

Statements Filed:

Thursday, August 1, 1985
Full Committee
Business Meeting
Food Security Act
H.R. 2100 and Committee Print

Action Taken

-- By voice vote approved Bruce amendment to previously adopted Emerson amendment on soybeans

Chairman de la Garza called the meeting to order. He stated he wanted to discuss with the Committee the current situation concerning the farm bill and the budget. He advised that he had talked with Chairman Gray of the House Budget Committee and it was anticipated that the budget conference should be completed soon, but that until the Agriculture Committee had a figure it would be difficult to know needed changes in agricultural programs. The Chairman suggested that the Committee defer further action until after the August recess.

Discussion occurred on the situation and a number of Members expressed the view that they would like to recess the Committee and perhaps reconvene following floor action on the budget conference report in order to report legislation prior to the recess. Concern was expressed that there would only be 12 legislative days in September to finalize Committee action, go to the Rules Committee, consider a bill on the House floor and go to conference with the Senate.

Discussion continued and the Chairman asked the staff economist to explain the figures reflected on the attached chart. Discussion continued on possible options of approving a bill and then reconciling differences with a Committee amendment on the floor or tentatively approving a bill with further Committee consideration in September.

Mr. Bruce offered the attached amendment to the previously adopted Emerson amendment which added a new subsection to the soybean title (see minutes of July 31 a.m.). Discussion occurred and by a voice vote the amendment was agreed to.

Discussion continued on the budget situation. Mr. Hopkins moved that the Committee adjourn until final budget figures could be established, whereupon the Committee adjourned, subject to the call of the Chair.

Glenda Temple
Glenda Temple

ESTIMATED SAVINGS1/
(in billions)

	1986	1986-88
Wheat and Feed Grains	-.850	-3.540
Cotton and Rice	-.270	-1.020
Dairy	-.780	-1.715
Total Commodity Programs	-1.900	-6.275
Conservation Reserve	.800	2.150
Total with Conservation Reserve	-1.100	-4.130
1986 Crop Diversion Payments	.500	.500
2-year freeze for Cotton-Rice target prices	-	.225
Advance deficiency payments	-	3.700
Producer storage payments	.080	.240
Prevented planting payments	.015	.045
1986 direct loans for blended credit	.185	.185
Section 416	.250	.725
Intermediate export credit revolving fund	.250	.750
Total	.180	2.245
House Budget Resolution Savings Target	-1.250	-7.900
Difference from Resolution Target	1.43	10.145

1/ Savings are negative

AMENDMENT TO EMERSON SOYBEAN AMENDMENT

In the new subsection (i)(2)(A) created by the Emerson amendment, insert the following before the semicolon:

", or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other government program"

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, August 1, 1985

(~~Sub~~) Committee: Full

Meeting: Business - p.m.

Subject: Food Security Act

Bill Nos. H.R. 2100 and Committee Print

The Full (~~Sub~~) Committee

met in open Session at 5:05 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. de la Garza
Mr. Jones (Tenn.)
Mr. Brown
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Daschle

Mr. Stenholm
Mr. Volkmer
Mr. Hatcher
Mr. Tallon
Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist

Kathy Hughes, Staff Assistant
Glenda Temple, Staff Assistant
William E. O'Conner, Assistant Minority Staff Director

Witnesses:

Present to respond to questions:

Mr. Doug Bellis, Office of House Legislative Counsel

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

Mr. Wayne Bjorlie, Office of Budget and Program Analysis, USDA

Statements Filed:

Thursday, August 1, 1985
Full Committee
Business Meeting - p.m.
Food Security Act
H.R. 2100 and Committee Print

Action Taken:

-- By voice vote Weaver motion to table Roberts amendment, which would have made section 416 language discretionary, approved.

-- By voice vote agreed to Panetta motion to adjourn to September 4 for further consideration of the farm bill with an understanding that a bill would be reported no later than September 10 with instructions to staff.

Chairman de la Garza called the meeting to order for the further consideration of the Food Security Act. The Chairman asked staff to report on the latest information on the status of the budget conference report, and discussion occurred.

Mr. Roberts moved to amend section 416 of the bill to make the language discretionary to save $725 million and discussion occurred. Mr. Weaver moved to table the Roberts amendment and the motion was agreed to by a voice vote.

Discussion continued on how the Committee should proceed. Options discussed included adjourning to September, reporting the bill as drafted to date, and reporting a bill with the assumption that reconciliation would be made as soon as definite figures are obtained to enable the Committee to make certain policy decisions.

Mr. Bedell stated that he would be willing to make his prevented planting payment provision discretionary which would result in a savings of $45 million. Discussion occurred and Mr. Weaver suggested across the board cuts in order to reduce every program level. The Chairman pointed out that in the reconciliation process other items not contained in the farm bill could also be considered to enable the Committee to meet its budget obligations.

Mr. Panetta moved that the Committee adjourn until September 4th for further consideration of the farm bill with the intent of reporting a bill by September 10. By a voice vote the motion was agreed to and staff was instructed to look at options for the Committee's consideration at that time.

During the proceedings a recess was taken at 5:15 p.m. to enable Members to respond to a recorded vote on the House floor. At 6:35 p.m. the meeting was adjourned to reconvene on September 4th for further consideration of the Food Security Act.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, September 4, 1985

(~~Sub~~) Committee: Full

met at 2:20 p.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of considering H.R. 2100, Food Security Act, and Committee Print

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Brown
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm

Mr. Volkmer
Mr. Hatcher
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Combest
Mr. Schuette
Mr.
Mr.

Staff Present:
Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
Kathy Hughes, Staff Assistant
Francie Monaghan, Staff Assistant
Glenda Temple, Clerk
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

Present to respond to questions:

1. Mr. Doug Bellis, Office of Legislative Counsel
2. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
3. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

Wednesday, September 4, 1985
Full Committee
Business Meeting
Food Security Act of 1985
H.R. 2100 and Committee Print

Action Taken

-- By show of hands vote of 12 yeas-2 nays Stenholm amendment to Madigan motion on reporting time of Task Force agreed to.

-- By voice vote Madigan motion, as amended, agreed to and Task Force directed to report to full Committee by 10:00 a.m. on Tuesday, September 10.

Chairman de la Garza called the meeting to order and summarized the status of the markup on H.R. 2100, the Food Security Act of 1985. He advised that the Committee had tentatively concluded consideration of the items on its agenda with the understanding that items could be reconsidered prior to a final vote. He stated that he was advised that the bill was $11.4 billion over the CBO baseline in complying with the budgetary guidelines. He continued that it might be helpful to combine reconciliation with the farm bill and possibly appoint a small task force to make recommendations to the Committee on possible savings. The Chairman also reminded the members that the Committee was operating under instructions from the August 1 meeting to report a bill no later than September 10.

The Members of the Committee were recognized to report to the Committee on the current agricultural situations found in their districts during the August recess. Members also questioned the Administration representatives on what the Administration would do if a farm bill is not reported prior to the expiration of current law.

Members discussed the current agricultural credit situation and Mr. Jones (Tenn.) reported on his Subcommittee's hearings scheduled for September 11 and 12.

Discussion also occurred on the makeup and responsibilities of a Task Force, if appointed. The Chairman advised that he would anticipate a group of 12 members (ratio 7 majority-5 minority) to look at various options on how to meet the budget restrictions and to report back to the full Committee with recommendations which the Committee could accept or reject in whole or in part.

Mr. Madigan moved that the Task Force be required to report back to the full Committee no later than 10:00 a.m. on Tuesday, September 4, to give the full Committee time to consider the recommendations. Mr. Volkmer asked that the time be changed to 2:00 p.m. and Mr. Madigan had no objection. Discussion continued and Mr. Stenholm moved that the Madigan motion be amended to retain the time as offered (10:00 a.m.). By a show of hands vote of 12 yeas-2 nays the Stenholm motion was agreed to. The Madigan motion was then approved by a voice vote.

During the proceedings a recess was taken at 3:00 p.m. to enable Members to respond to recorded votes on the House floor. At 4:15 p.m. the meeting was adjourned subject to the call of the Chair but no later than 10:00 a.m. on Tuesday, September 10.

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, September 10, 1985

(~~Sub~~) Committee: Full

Business Meeting -- A.M.

met at 10:20 a.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of considering H.R. 2100, Food Security Act, and Committee Print

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm
Mr. Volkmer
Mr. Staggers

Mr. Evans (Ill.)
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
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Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Combest
Mr. Schuette
Mr.

Staff Present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
Glenda Temple, Hearing Clerk
Kathy Hughes, Staff Assistant
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

Present to respond to Member's questions:

1. Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA
2. Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA
3. Mr. Doug Bellis, Office of House Legislative Counsel
4. Ms. Jean Harmann, Office of House Legislative Counsel

Tuesday, September 10, 1985
Full Committee
Business Meeting - A.M.
Food Security Act of 1985
H.R. 2100 and Committee Print

Chairman de la Garza called the meeting to order for the continued consideration of the Food Security Act of 1985. He called the Committee's attention to the attached draft Committee Print which contained the actions of the Committee to date. He reminded the Members of the mandate previously approved by the Committee to order the bill reported no later than September 10. He advised that every Member would have an opportunity to offer amendments to any section of the bill, since the actions of the Committee had been tentative.

The first item to be discussed was the recommendations of the Ad Hoc Task Force which are reflected on the attached chart. The staff economist was asked to explain the provisions.

Discussion occurred and Mr. Madigan moved to strike the soybean reduction recommendation. Discussion occurred on the reasons for the recommendation and the treatment of soybeans in relation to other crops.

At 11:15 a.m. the meeting was recessed in order to contact the American Soybean Association to obtain their input on the proposal. Upon reconvening the meeting, the Chairman announced that negotiations were continuing on the soybean issue; whereupon at 12:10 p.m. the meeting was adjourned to reconvene at 2:30 p.m. this date to continue consideration of the Food Security Act of 1985.

Glenda Temple

AD HOC TASK FORCE ON RECONCILIATION PROPOSED SAVINGS

(by fiscal year, in billions of dollars)

	1986	1986-88
Total savings including interest required to bring bill to reconciliation target	1.5	11.8
Commodity Programs		
Make advance deficiency payments after October 1 each year	----	3.3
Make Findley payments at season average price	----	.7
Restrict deficiency payments on underplantings	----	.4
Eliminate increased producer storage payments	----	.2
Permit Secretary to reduce soybean loan rate 10 percent to maintain export markets	----	.7
Conservation Reserve		
Limit establishment cost sharing to 50 percent and delay rental payments until October 1 of each succeeding fiscal year	.5	1.0
Export Credit		
Make discretionary 1986 direct loans for blended credit	.3	.3
Make 25 percent of intermediate export credit as direct loans	.1	.4
Section 416		
Limit minimum tonnage shipments to 2 years at 1.1 million ton level	.1	.4
Farm Credit		
Use guaranteed loans only for farm ownership loans in 1987 and 1988	----	1.5
Cap emergency disaster loans at $.9 billion	1.1	2.6
Total, including interest relative to bill	2.0	11.8
Total, including interest relative to baseline	1.9	7.9
Additional Savings		
Delay eligibility for certain food stamp provisions (does not apply toward reconciliation)		.1

[COMMITTEE PRINT]

SEPTEMBER 3, 1985

[The Food Security Act of 1985, as amended by the Committee on Agriculture through August 1, 1985]

99TH CONGRESS
1ST SESSION

H. R. 2100

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER , 1985

Mr. DE LA GARZA introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Security Act of 1985".

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Division A—Commodity Programs

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SHORT TITLE

SEC. 101. This title may be cited as the "Dairy Unity Act of 1985".

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LEVEL OF MILK PRICE SUPPORT FOR FISCAL YEARS 1986 THROUGH 1990; REDUCTIONS IN THE PRICE OF MILK

SEC. 111. Effective October 1, 1985, section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) redesignating paragraphs (3), (4), (5), and (6) as paragraphs (7), (8), (9), and (10), respectively; and

(2) striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) During the fiscal years 1986 through 1990, the price of milk shall be supported as provided in this subsection.

"(2)(A) On October 1 of each of such fiscal years, the Secretary shall establish the level of price support per hundredweight of milk having 3.67 per centum of milkfat, which level of price support shall be in effect throughout the fiscal year.

"(B) Such level of price support for a fiscal year shall be an amount equal to the product of (i) the preliminary support price for the fiscal year, determined in accordance with paragraph (3) and (ii) the percentage determined in accordance with paragraph (4).

"(3)(A) For the fiscal year for which the level of price support is being determined, the preliminary support price per hundredweight of milk having 3.67 per centum milkfat shall be equal to the product of—

"(i) $8.83 per hundredweight; and

"(ii) the adjusted cost of production index.

"(B)(i) For purposes of subparagraph (A)(ii), the adjusted cost of production index for the fiscal year shall be equal to—

"(I) the cost of production index, less

"(II) the product of the cost of production index and the milk productivity factor.

"(ii) For purposes of subclauses (I) and (II) of clause (i), the cost of production index for the fiscal year shall be equal to the ratio of (I) the cost of pro-

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duction (determined in accordance with subparagraph (C)) for the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined to (II) the cost of production (determined in accordance with subparagraph (C)) for the three-year base period consisting of calendar years 1976, 1977, and 1978.

"(iii) For purposes of clause (i)(II), the milk productivity factor for the fiscal year shall be equal to the product of 0.2 per centum per hundredweight of milk having 3.67 per centum milkfat and the difference between—

"(I) the average quantity (measured in pounds) of milk produced annually per cow during the one-year period ending June 30 preceding the fiscal year for which the preliminary support price is being determined; and

"(II) 11,101 pounds.

"(C) For purposes of subparagraph (B)(ii), the cost of production shall be determined by the Secretary in the same manner as the cost of production of milk is determined under section 808 of the Agricultural Act of 1970, except that the cost of production for purposes of such subparagraph shall be computed on the basis of the prices for the items (other than the Consumer Price Index for All Urban Consumers), and of the proportional value of each of the items, specified in the following schedule:

“Item	Contribution to Costs of Production
Consumer Price Index for All Urban Consumers, determined by the Bureau of Labor Statistics	10 per centum
Prices received by farmers for meat animals	10 per centum
Feed	33 per centum
(consisting of:	
corn, 6.5 per centum	
16 per centum dairy concentrate, 25 per centum	
hay, 1.5 per centum)	
Interest	8 per centum
(consisting of:	
production credit association rate, 3 per centum	
Federal land bank rate, 5 per centum)	
Taxes	2.5 per centum
Fuel and energy	4 per centum
Milk hauling	3 per centum
(consisting of:	
automobiles and trucks, 2 per centum	
bulk gasoline, 0.5 per centum	
diesel fuel, 0.5 per centum)	
Machinery and building repair	4 per centum
(consisting of:	
non-farm wage rate, 2 per centum	
farm and motor supplies, 1.5 per centum	
building and fencing, 0.5 per centum)	
Hired labor	7 per centum
Farm services and cash rent	8.5 per centum
Seed	1.5 per centum
Fertilizer	3 per centum
Agricultural chemicals	0.5 per centum
Tractor and self-propelled machinery	3 per centum
Other farm machinery	2 per centum

“(4) For the fiscal year for which the level of price support is being determined, the Secretary shall estimate the level of purchases of milk and the products of milk (measured in billions of pounds milk equivalent), less sales under section 407 for unrestricted use, that the Secretary would acquire under this subsection if the level of price support were equal to the preliminary support price determined under paragraph (3) for the fiscal year. For purposes of paragraph (2)(B), the level of price support for the fiscal year shall be calculated in accordance with the following schedule:

“If the Secretary estimates that the amount of such purchases (in billions of pounds milk equivalent) for the fiscal year at such preliminary support price would be—	then for the fiscal year the level of price support shall be equal to the following percentage of such preliminary support price:	
	Not less than	Not more than
Less than 1	107.8	A percentage determined by the Secretary to be appropriate
Not less than 1 but less than 2	105.2	107.8
Not less than 2 but less than 3	102.6	105.2
Not less than 3 but less than 4	100.0	102.6
Not less than 4 but less than 5	97.4	100.0
Not less than 5 but less than 6	94.8	97.4
Not less than 6 but less than 7	92.2	94.8
Not less than 7	92.2	92.2

“(5) The price of milk shall be supported through the purchase of milk and the products of milk.

“(6)(A) During any of the fiscal years 1986 through 1990 for which a milk diversion program is in effect under paragraph (7), the Secretary shall provide for a reduction (subject only to downward adjustment by the Secretary during the fiscal year) to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of such reduction for a fiscal year shall be the amount per hundredweight that when multiplied by the quantity of milk so marketed is equal to the sum of—

"(i) the cost in the fiscal year, as estimated by the Secretary, of the quantity of milk and the products of milk in excess of five billion pounds (milk equivalent), less sales under section 407 for unrestricted use, required to be purchased under this subsection;

"(ii) the cost, as estimated by the Secretary, of making payments to producers who reduce marketings in the fiscal year under the milk diversion program under paragraph (7); and

"(iii) $50,000,000 in each of the fiscal years 1986 and 1987, to be deducted by the Secretary from the funds remitted under subparagraph (C) and deposited in the Dairy Research Trust Fund established by section 134 of the Dairy Production Stabilization Act of 1983.

"(C) The funds represented by the reduction in the price required under subparagraph (A) to be applied to the marketings of milk by a producer shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D)(i) If the funds remitted under subparagraph (C) for any fiscal year exceed the amount of funds necessary to satisfy the requirements of subparagraph (B) for the fiscal year, the Secretary shall refund the excess funds (together with interest determined in accordance with clause (iii)), on a pro rata basis, to producers who marketed in the fiscal year milk for commercial use.

"(ii) If for any fiscal year for which a milk diversion program is in effect under paragraph (7), the level of purchases under this subsection does not exceed 5 billion pounds (milk equivalent on a milkfat basis), less sales under section 407 for unrestricted use, the Secretary shall refund, on a pro rata basis, to producers who marketed milk in the fiscal year for commercial use an amount equal to the difference between—

"(I) the cost, as estimated by the Secretary, of purchasing 5 billion pounds (milk equivalent on a milkfat basis); and

"(II) the sum of the actual cost of purchases by the Commodity Credit Corporation under this subsection for the fiscal year, and the amount, if any, deposited in the Dairy Research Trust Fund under subparagraph (B)(iii);

together with interest as determined in accordance with clause (iii).

"(iii) For purposes of clauses (i) and (ii), interest shall be paid at an annual rate established under section 6621 of the Internal Revenue Code of 1954 for the period beginning forty-five days after the end of the fiscal year involved and ending on a date (to be determined by the Secretary) preceding the date of the refund check by not more than thirty days, whether or not the refund check is accepted by the producer after tender of the refund check to the producer. The acceptance of a refund check shall be without prejudice to any right of the producer to claim any additional refund or interest thereon.

"(E) The funds remitted to the Corporation under this paragraph with respect to a producer, including any funds refunded under subparagraph (D) other than interest paid, shall be considered as included in the payments to the producer for purposes of the minimum price provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

EXTENSION OF MILK DIVERSION PROGRAM

SEC. 112. (a) Effective October 1, 1985, paragraph (7) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(3)), as redesignated by section 111(1), is amended by—

(1) amending subparagraph (A) to read as follows:

"(7)(A)(i)(I) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed five billion pounds (milk equivalent) but will not exceed seven billion pounds (milk equivalent), the Secretary may establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(II) If for any of the fiscal years 1986 through 1990 the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary and adjusted in accordance with subclause (III), will exceed seven billion pounds (milk equivalent), the Secretary shall establish and carry out under this paragraph a milk diversion program for such fiscal year.

"(III) For purposes of adjusting under this clause the estimated level of purchases of milk and the products of milk for a fiscal year, the Secretary shall deduct from such level the net amount (measured in milk equivalent) of all reductions occurring during the period beginning on June 15, 1985, and ending on the first day of such fiscal year, in the quantitative limitations in effect on June 15, 1985, under section 22 of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, with respect to milk and the products of milk imported into the United States. For purposes of determining the amount of such reductions, milk equivalent shall be determined on either a solids-not-fat or milk fat milk equivalent basis, whichever produces a higher milk equivalent.

"(IV) Notwithstanding any other provision of this clause, if the Secretary establishes a milk diversion program for fiscal year 1986 under this paragraph, the program so established shall be carried out for fiscal years 1986 and 1987. Any contract entered into with a producer under the reduced production program formulated under clause (iii) for fiscal years 1986 through 1987 shall require the producer to make an equal reduction in the marketings of milk by the producer in each of such fiscal years.

"(ii) Not later than August 1 preceding any fiscal year for which a milk diversion program may or shall be so established under this paragraph (or August 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)) the Secretary shall publish in the Federal Register—

"(I) the estimated level of purchases of milk and products of milk under this subsection (less sales under section 407 for unrestricted use) in such fiscal year if no program is carried out during the year under this paragraph (or in each of fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)); and

"(II) if a milk diversion program is to be established under this paragraph for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under clause (i)(IV)), notice of the establishment of the program and a detailed description of the nature of the program.

Any milk diversion program so established shall consist of the reduced production program formulated under clause (iii) and the production termination program formulated under clause (iv). The aggregate amount of the reduction, under the milk diversion program so established, in marketings of milk in each fiscal year for which such program is in effect shall be not less than the difference between the level of purchases so estimated and 4 billion pounds (milk equivalent), unless producers decline to enter into contracts to effect such aggregate amount of reduction.

"(iii) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary shall formulate, not later than August 1 preceding such fiscal year, a reduced production program under which the Secretary shall offer to enter into a contract, at any time before the beginning of such fiscal year, with any producer of milk in the United States for the purpose of reducing the quantity of milk marketed by such producer for commercial use during such fiscal year. Such contract shall be in effect throughout such fiscal year unless such contract is terminated under subparagraph (E). Each producer of milk in the United States seeking to enter into a contract for diversion payments under this clause shall, before entering into such contract, provide the Secretary with a plan that describes the manner in which the producer intends to achieve the reduction in milk marketings that would be required under such contract, and includes an estimate by the producer of the amount of such reduction that the producer intends to achieve through increased slaughter of dairy cattle (including the approximate number of dairy cattle that will be sold for slaughter during each month of the contract). In setting the terms and conditions of such contracts, the Secretary shall take into account any adverse effect of the reductions in milk production on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(iv) For each of the fiscal years 1986 through 1990 for which a milk diversion program will be in effect under this paragraph, the Secretary also shall formulate, not later than August 1 preceding such fiscal year, a production termination program under which the Secretary may offer, at the request of a producer of milk in the United States who submits to the Secretary a bid, to enter into a contract, at any time before November 1 of such fiscal year, with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary. In setting the terms and conditions of each contract made under this clause, the Secretary shall take into account any adverse effect of such contract, and of all contracts made under this clause, on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(v) For any fiscal year for which a milk diversion program under this paragraph is in effect, the Secretary shall determine, before the beginning of such fiscal year, the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program and shall by regulation specify marketing procedures to ensure that not more than 40 per centum of the number of such dairy cattle that the Secretary estimates will be marketed for slaughter by the producers participating in the program, in excess of the number of dairy cattle such producers would market for slaughter (based on the historical dairy cow herd culling rate) during such fiscal year in the absence of such program, will be so marketed in such fiscal year in the months of October, November, December, January, February, and September. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary which maintains historical marketing patterns.

During such fiscal year, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy cow herd culling rate to no more than 7 per centum of the national dairy cow herd.".

(2) in subparagraph (B)—

(A) striking out "(B) Each such contract" and inserting in lieu thereof "(B)(i) Each contract made under the program formulated under subparagraph (A)(iii)";

(B) redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively; and

(C) in subclause (III), as so redesignated—

(i) striking out "after November 8, 1983" and all that follows through "unless such cattle are sold", and inserting in lieu thereof "during the period beginning August 1 immediately preceding the fiscal year for which such contract is in effect and ending on the last day of such fiscal year (or during the period beginning on August 1, 1985, and ending on September 30, 1987, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph

(A)(i)(IV)), unless, as established by evidence satisfactory to the Secretary (including any sales contract), such cattle are sold in good faith"; and

(ii) striking out "this subsection" and inserting in lieu thereof "the program for such fiscal year";

(D) in subclause (IV), as so redesignated, striking out "this paragraph" each place it appears and inserting in lieu thereof "the contract"; and

(E) adding at the end thereof the following: "Each contract made under this program formulated under subparagraph (A)(iv) shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of three, four, or five years specified by the Secretary and beginning on the day the producer completes compliance with subclause (I), the producer shall neither acquire any interest in the production of milk and shall not acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by any producer with such subclause; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.";

(3) striking out "this paragraph" in subparagraph (C) and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(4) in subparagraph (D)—

(A) in clause (i)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction";

(ii) inserting "in such fiscal year;" after "marketed" the first place it appears; and

(iii) inserting "in such fiscal year" after "marketed" the first place it appears; and

(B) in clause (ii)—

(i) inserting "under a contract made under the program formulated under subparagraph (A)(iii) for a fiscal year" after "any reduction"; and

(ii) striking out "the producer has entered into under this paragraph" in subclause (I); and

(C) in clause (iii), striking out "as of the date of enactment of the Dairy Production Stabilization Act of 1983" and inserting in lieu thereof "throughout the fifteen-month period ending on October 1 of the fiscal year for which such contract is in effect (or ending on October 1, 1985, in the case of a program required under subparagraph (A)(i)(IV) to be carried out for fiscal years 1986 and 1987)";

(5) in subparagraph (E)—

(A) in the first sentence—

(i) inserting "before November 1 of a fiscal year (or November 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagrah (A)(i)(IV)) and" after "The Secretary may,";

(ii) inserting "for such fiscal year (or for fiscal years 1986 and 1987 in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV))" after "this paragraph" the first place it appears;

(iii) in clause (i), striking out "there would be an excessive reduction in the level of milk production in the United States" and inserting in lieu thereof "the level of milk marketings in the United States would be reduced in excess of the aggregate amount of the reduction required by subparagraph (A)(ii)";

(iv) striking out "under this paragraph" each place it appears and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(v) striking out "dairy cattle,"; and

(B) striking out "reduce" in the second sentence and inserting in lieu thereof "lessen"; and

(C) adding at the end thereof the following:

"In acting to lessen the required reduction in milk marketings among all contracts made under the program formulated under subparagraph (A)(iii), the Secretary may apportion changes in the reduction among contracts so as to give preference to any small- or medium-sized producer who requests that the producer's reduction not be lessened. A producer who enters into a contract under subparagraph (A)(iii) may terminate such contract if the Secretary modifies such contract under this subparagraph and if such producer gives written notice of such termination, and returns any payment received under such contract, to the Secretary not later than December 1 of the fiscal year for which such contract is made (or December 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under subparagraph (A)(i)(IV)).";

(6) striking out the second sentence in subparagraph (F) and inserting in lieu thereof the following: "The marketing history, as established by the Secretary, of such producer shall be as follows:

"(i) Except as provided in clause (ii) and clause (iii), the marketing history of the producer shall be the marketings of milk by the producer for commercial use during the one-year period ending on June 30 immediately preceding the fiscal year for which the contract is sought.

"(ii) Except as provided in clause (iii), if the producer participated in a reduced production milk diversion program under this paragraph in effect for the fiscal year preceding the fiscal year for which the marketing history of the producer is being determined, the marketing history shall be the marketing history of the producer for the diversion program for the preceding fiscal year.

"(iii) If a reduced production milk diversion program is in effect under this paragraph for fiscal years 1986 and 1987, and if the producer participated in the milk diversion program carried out under paragraph (3) of this subsection as in effect on September 30, 1985, the marketing history of the producer for each of fiscal years 1986 and 1987 shall be, at the option of the producer—

"(I) the marketings of milk by the producer for commercial use during calendar year 1982, increased by 2.2 per centum; or

"(II) the average annual marketings of milk by the producer during calendar years 1981 and 1982, increased by 2.2 per centum.".

(7) in subparagraph (G), striking out "after December 31, 1982" and inserting in lieu thereof "in the fifteen-month period ending on October 1 of the fiscal year (or October 1, 1985, in the case of a program carried out for fiscal years 1986 and 1987 under sub-

paragraph (A)(i)(IV)) for which the producer is seeking to enter into a contract for diversion payments under this paragraph".

(8) inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" in subparagraph (I) after "diversion payments";

(9) in subparagraph (J)—

(A) in clause (i), inserting "payable under a contract made under the program formulated under subparagraph (A)(iii)" after "diversion payments" the first place it appears; and

(B) in clause (ii), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)";

(10) in subparagraph (L), striking out "under this paragraph" and inserting in lieu thereof "under the program formulated under subparagraph (A)(iii)"; and

(11) striking out "paragraph (2)" in subparagraph (N) and inserting in lieu thereof "paragraph (6)".

(b) Effective October 1, 1985, paragraph (9)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)), as so redesignated by section 102(1), is amended by—

(1) striking out "paragraph (2)" and inserting in lieu thereof "paragraph (6)";

(2) striking out "paragraph (2)(B)" and inserting in lieu thereof "paragraph (6)(C)";

(3) striking out "paragraph (3)" and inserting in lieu thereof "paragraph (7)";

(4) inserting "(i)" after "(B)"; and

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (7), one or more dairy cattle sold for slaughter, who knows that such cattle are sold for slaughter, and who fails to cause the slaughter of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.".

(c) Paragraph (10) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(6)), as so redesignated by section 102(1), is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (6) and (7)".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(11) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) Notwithstanding section 201(d)(7)(A)(ii) of the Agricultural Act of 1949, as added by this title, the Secretary of Agriculture—

(1) shall establish a milk diversion program, and publish the information required by such section, not later than 30 days after the date of the enactment of this Act; and

(2) shall offer to enter into contracts under such program with producers until 60 days after the date of the enactment of this Act;

if a milk diversion program is to be in effect for fiscal year 1986 and if this Act is enacted after August 1, 1985.

APPLICATION OF AMENDMENTS

Sec. 113. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before October 1, 1985.

AVOIDANCE OF ADVERSE EFFECT OF DAIRY DIVERSION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

Sec. 114. To minimize the adverse effect of the milk diversion program on beef, pork, and lamb producers in the

United States during any fiscal year for which a milk diversion program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such fiscal year—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (Public Law 320; 7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute two hundred million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(2) the Secretary of Defense and other Federal agencies shall to the maximum extent practicable use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(3) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

STUDY RELATING TO CASEIN

SEC. 115. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONGRESSIONAL EVALUATION OF THE COST OF PRODUCTION SCHEDULE

SEC. 116. It is the sense of Congress that two years after the date of the enactment of this Act the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should—

(1) determine the value of each of the items specified in the schedule established in section 201(d)(3)(C) of the Agricultural Act of 1949, and the contribution of each of such items to the cost of production referred to in such section, in order to assess the effect of each of such items on the cost of production index and the level of price support for milk determined under section 201(d) of such Act; and

(2) assess the effect of such index on the operation of the milk diversion program provided for in section 201(d)(7) of such Act.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

SEC. 121. Effective October 1, 1985, the Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"SEC. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(7) the term 'importer' means a person who imports any dairy product into the United States for commercial use;

"(8) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(9) the term 'milk' means any class of cow's milk marketed in the United States;

"(10) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(11) the term 'producer' means any person engaged in the production of milk for commercial use;

"(12) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(13) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(14) the term 'United States' means the several States and the territories and possessions of the United

States, except that for purposes of sections 131, 133(a), and 136, and paragraphs (6), (7), and (9) of this section, such term means the forty-eight contiguous States in the continental United States.

"ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

"SEC. 131. There is hereby established in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of directors from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership, other than importers, shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

"ISSUANCE OF ORDER

"SEC. 132. (a) After the effective date of this subtitle and not later than thirty days after receipt of a proposed dairy products research order, the Secretary shall publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

"(b) After the Secretary complies with the requirements of subsection (a), the Secretary shall issue a dairy products research order. The order shall become effective not later than ninety days after publication in the Federal Register of the proposed order.

"(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

"REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

"SEC. 133. (a) The dairy products research order issued under section 132(b) shall—

"(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

"(2) specify the powers of the board, including the powers to—

"(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to—

"(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

"(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

"(iii) develop new dairy products; and

"(iv) appraise the effect of such research on the marketing of dairy products;

"(B) make recommendations to the Secretary regarding such plans and projects;

"(C) administer the order in accordance with its terms and provisions;

"(D) make rules and regulations to effectuate the terms and provisions of the order;

"(E) receive, investigate, and report to the Secretary complaints of violations of the order;

"(F) recommend to the Secretary amendments to the order;

"(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary;

"(H) with the approval of the Secretary, establish advisory committees composed of individuals, other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

"(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

"(3) specify the duties of the board, including the duties to—

"(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

"(B) submit to the Secretary for approval budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

"(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

"(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

"(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(F) account for the receipt and disbursement of all funds entrusted to the board;

"(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F);

"(5) during fiscal years 1986 and 1987, require each importer to pay, in the manner prescribed by the order, an assessment to the Secretary, at a rate determined by the Secretary from time to time under subsection (d) and based on the number of hundredweights of milk having 3.67 percent milkfat contained in the quantity of dairy products imported into the United States in such fiscal years for commercial use by such importer; and

"(6) require that each person receiving milk from producers for commercial use, any person marketing milk of that person's own production directly to consumers, and each importer maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

"(b) Any agreement made under subsection (a)(2)(G) shall provide that—

"(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

"(2) such plan or project shall become effective on the approval of the Secretary; and

"(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

"(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and which involves an order issued under section 132(b).

"(2) Paragraph (1) shall not be construed to prohibit—

"(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to such order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

"(B) the publication, at the direction of the Secretary, of the name of any person violating such order, together with a statement of the particular provisions of the order violated by such person.

"(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

"(d) The rate of the assessment per hundredweight required to be paid under an order issued under section 132(b) by importers shall be equal to that part of the amount of any reduction in the price per hundredweight received by producers for milk, in effect under section 201(d)(6)(B) of the Agricultural Act of 1949, that is attributable to satisfying the requirement of clause (iii) of such section 201(d)(6)(B).

"PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

"SEC. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

"DAIRY RESEARCH TRUST FUND

"SEC. 135. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the 'Dairy Research Trust Fund'.

"(b)(1) Monies shall be deposited in the Fund by the Secretary in accordance with section 201(d)(6)(B)(iii) of the Agricultural Act of 1949. The Secretary shall also deposit in the Fund monies received under section 133(a)(5) from importers.

"(2) If no monies are so deposited for a fiscal year in accordance with section 201(d)(6)(B)(iii), then the Secretary shall transfer from monies available to the Commodity Credit Corporation, and deposit in the Fund, $50,000,000 for such fiscal year.

"(3) Monies deposited in the Fund under paragraph (1) or (2) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Monies in the Fund, other than monies deposited or transferred under paragraph (1) or (2) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"SEC. 136. (a) After September 30, 1991, the Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the monies remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"SEC. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to such order.".

DAIRY PROMOTION PROGRAM

SEC. 122. (a) Section 110(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501(b)) is amended by inserting "and dairy products imported into" after "produced in" each place it appears.

(b) Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended by—

(1) redesignating paragraphs (a) through (f) as paragraphs (1) through (6), respectively,

(2) redesignating paragraphs (g) through (l) as paragraphs (9) through (14), respectively; and

(3) inserting after paragraph (6), as so redesignated, the following new paragraphs:

"(7) the term 'imported' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States;

"(8) the term 'importer' means a person who imports any dairy product into the United States for commercial use;".

(c) Section 113 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504) is amended by—

(1) in subsection (b)—

(A) in the first sentence, striking out "thirty-six" and inserting in lieu thereof "thirty-seven";

(B) in the second sentence, striking out "Members" and inserting in lieu thereof "Except as provided in the following sentence, members";

(C) in the third sentence, striking out "such" and inserting in lieu thereof "producer"; and

(D) inserting after the second sentence the following:

"One or more members of the Board shall be importers appointed by the Secretary from nominations submitted by importers in the manner authorized by the Secretary. The number of importers to be appointed to the Board shall be determined by the Secretary on a proportional basis, taking into account the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use during a representative period, except that not fewer than one importer shall be appointed to the Board.";

(2) in subsection (g)—

(A) inserting after the first sentence the following:

"The order shall also provide that each importer shall remit to the Board, in the manner prescribed by the Board, an assessment based on the number of hundredweights of milk contained in the quantity of dairy products imported into the United States for commercial use by such importer."; and

(B) in the third sentence, inserting ", in the case of dairy products other than milk," after "or"; and

(3) in the first sentence of subsection (k), striking out "farmers for commercial use" and inserting in lieu thereof "producers for commercial use, each importer,".

(d) Section 116(b) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended by—

(1) inserting "and importers" after "producers" each place it appears; and

(2) in the last sentence, inserting ", or the importation of dairy products into the United States," after "the production of milk".

(e) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

SEC. 131. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of

1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date of the enactment of the Dairy Unity Act of 1985 shall be as follows:

"Marketing Area Subject to Order	Minimum Aggregate Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Per Centum Milkfat
New England	3.24
New York-New Jersey	3.14
Middle Atlantic	3.03
Georgia	3.08
Alabama-West Florida	3.08
Upper Florida	3.58
Tampa Bay	3.88
Southeastern Florida	4.18
Michigan Upper Peninsula	1.35
Southern Michigan	1.75
Eastern Ohio-Western Pennsylvania	1.95
Ohio Valley	2.04
Indiana	2.00
Chicago Regional	1.40
Central Illinois	1.61
Southern Illinois	1.92
Louisville-Lexington-Evansville	2.11
Upper Midwest	1.20
Eastern South Dakota	1.50
Black Hills, South Dakota	2.05
Iowa	1.55
Nebraska-Western Iowa	1.75
Greater Kansas City	1.92
Tennessee Valley	2.77
Nashville, Tennessee	2.52
Paducah, Kentucky	2.39
Memphis, Tennessee	2.77
Central Arkansas	2.77
Fort Smith, Arkansas	2.77
Southwest Plains	2.77

Texas Panhandle	2.49
Lubbock-Plainview, Texas	2.49
Texas	3.28
Greater Louisiana	3.28
New Orleans-Mississippi	3.85
Eastern Colorado	2.73
Western Colorado	2.00
Southwestern Idaho-Eastern Oregon	1.50
Great Basin	1.90
Lake Mead	1.60
Central Arizona	2.52
Rio Grande Valley	2.35
Puget Sound-Inland	1.85
Oregon-Washington	1.95

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

SEC. 132. Effective October 1, 1985, section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

COOPERATIVE ASSOCIATION REPRESENTATION

SEC. 133. Effective October 1, 1985, the second sentence of section 8c(17) of the Agricultural Adjustment Act (7 U.S.C. 608c(17)), as added by section 101 of the Agriculture and Food Act of 1981 and made effective for the period beginning January 1, 1986, and ending December 31, 1990 under section 132, is amended by striking out "not".

MARKETWIDE SERVICE PAYMENTS

SEC. 134. Effective October 1, 1985, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to—

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

SEC. 135. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D—National Dairy Policy Commission

FINDINGS AND DECLARATION OF POLICY

SEC. 141. (a) Congress finds that—

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

SEC. 142. (a) There is hereby established in the executive branch a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

SEC. 143. (a) The National Commission on Dairy Policy shall study—

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

SEC. 144. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5, United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section 145, and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment are each authorized to furnish the Commission with such personnel and support services as the head of the agency or office, and the chairman of the Commission, agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5, United States Code.

FINANCIAL SUPPORT

SEC. 145. (a) Following the appointment or designation of the members of the National Commission on Export Policy, notwithstanding the provisions of section 1342 of title 31, United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one person, group, or entity exceeding 10 per centum of the budget of the Commission.

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

SEC. 146. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and the Congress.

Subtitle E—Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 151. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

SEC. 152. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 450l), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE II—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 201. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1990"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

SEC. 202. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

TITLE III—WHEAT

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 301. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b–2) the following:

"SEC. 107D. Notwithstanding any other provision of law—

"(a)(1) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (2) for a crop of wheat, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1989 crops of wheat for an amount of wheat of such crop produced on the farm equal to the acreage on the farm planted to wheat for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the four marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined prior to any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this paragraph, if the Secretary determines (A) that the average price of wheat received by producers in the previous marketing year (including the marketing year for the 1985 crop of wheat) was not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, or (B) that the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the level of loans and purchases for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2)(A) The Secretary may make available recourse loans to producers during each of the four marketing years for wheat, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat. The level of wheat loans and purchases for a marketing year, including the marketing year for the 1986 crop of wheat, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year, as determined prior to any reduction in the level of loans and purchases made under the proviso in subparagraph (C). The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) A producer may repay a loan made under subparagraph (A) at a level that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the maturity date of the loan that the producer sells the wheat under loan—

"(I) the then current State monthly weighted average market price for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price for wheat, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(C) Notwithstanding the provisions of subparagraph (A), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchase made available under this paragraph for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases for the preceding marketing year.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this paragraph. Payments for any crop of wheat shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever a land division program is in effect for a crop of wheat, producers shall be eligible for payments under this paragraph for the entire farm program acreage for such crop, if the producers actually plant wheat on at least 50 per centum of the farm program acreage and devote the remainder of the farm program acreage for the crop to conserving uses or nonprogram crops, and the wheat crop acreage base and wheat program yield for the farm program acreage shall not be reduced due to the fact that such portion of the farm program acreage was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for a crop of wheat shall be the amount by which the established price for the crop of wheat (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), prior to any adjustment made under the third sentence in subsection (a)(1) or subparagraph (C) of subsection (a)(2), for the marketing year for such crop of wheat.

"(C) The established price for the 1986 and 1987 crops of wheat shall be $4.38 per bushel, and for each of the 1988 and 1989 crops of wheat shall be a price determined by the Secretary that is not less than 110 per centum nor more than 125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. The established price for a crop of wheat may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of wheat, nor may the Secretary set the established price for the 1988 or 1989 crop of wheat at a level less than the level for the preceding crop of wheat unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the costs of production for such crop of wheat for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of wheat for all producers. The simple average market price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the third sentence of subsection (a)(1) or subparagraph (C) of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made. Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The total quantity of wheat on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for wheat established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for wheat established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of wheat. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the wheat program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(C) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to wheat for harvest from the wheat crop acreage base established for the farm for the crop under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to wheat for harvest is less than the wheat crop acreage base established for the farm for the crop under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of wheat shall be determined under title V.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of wheat either a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than July

1 prior to the calendar year in which the crop is harvested, except that the Secretary may make appropriate adjustments in such announcement for the wheat acreage limitation program or the set-aside program not later than July 31 prior to the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(B)(i) For the 1986 crop of wheat the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by a total of 30 per centum, except that, for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to wheat for harvest will be limited to the wheat crop acreage base for the farm for the crop reduced by 20 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1989 crops of wheat, if the Secretary estimates, not later than July 1 of the year prior to the calendar year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will exceed 800,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 20 per centum of the wheat crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. Wheat crop acreage bases for each crop of wheat shall be determined under title V. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to wheat by (B) the number of acres authorized to be planted to wheat under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit of the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) In carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and

State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), but may be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 302. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

TITLE IV—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following:

"SEC. 105C. Notwithstanding any other provision of law—

"(a)(1)(A) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (2) for a crop of corn, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1989 crops of corn for an amount of corn of such crop produced on the farm equal to the acreage on the farm planted to corn for harvest times the farm's program yield for the crop. Loans and purchases under this paragraph shall be made available during each of the four marketing years for such crops of corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn, except that the level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year (as determined before any reduction in the level of loans and purchases made under the following sentence). Notwithstanding the foregoing provisions of this subparagraph, if the Secretary determines (i) that the average price of corn received by producers in the previous marketing year (including the marketing year for the 1985 crop of corn) was not more than 105 per centum of the level of loans and purchases for corn for such marketing year, or (ii) that the loan level computed under the foregoing provisions would discourage the exportation of corn and cause excessive stocks of corn in the United States, the Secretary may reduce the level of loans and purchases for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases as determined under the preceding sentence. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(B) Unless the Secretary, at the Secretary's discretion, makes available loans to producers under paragraph (2) for a crop of grain sorghums, barley, oats, and rye, the Secretary shall make available to producers under this paragraph loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn under this paragraph, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(2)(A) The Secretary may make available recourse loans to producers during each of the four marketing years for corn, beginning with the marketing year for the 1986 crop, at such level per bushel—not less than 75 per centum nor more than 85 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period—as the Secretary determines will encourage the exportation of corn and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn. The level of corn loans and purchases for a marketing year, including the marketing year for the 1986 crop of corn, may not be established under the foregoing formula at a level that is less than 95 per centum of the level of loans and purchases for the preceding marketing year, as determined before any reduction in the level of loans and purchases made under the proviso in subparagraph (B). The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination. The maximum term for any loan under this paragraph shall be 270 days.

"(B) Notwithstanding the provisions of subparagraph (A), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases made available under this paragraph for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be so reduced in any year to a level less than 80 per centum of the level of loans and purchases for the previous marketing year.

"(C) The Secretary may make available to producers under this paragraph recourse loans for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that recourse loans are made available under this paragraph for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(D) A producer may repay a loan made under subparagraph (A), (B), or (C) at a level that is the lesser of—

"(i) the original loan level; or

"(ii) at any time through the date of maturity of the loan that the producer sells the feed grain under loan—

"(I) the then current State monthly weighted average market price for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary; or

"(II) the then current State weekly or daily weighted average market price for the feed grain, as adjusted for each county in the State, received by farmers, as determined by the Secretary, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers.

"(b)(1)(A)(i) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley in an amount computed as provided in this paragraph. Payments for any crop of feed grains shall be computed by multiplying (I) the payment rate, by (II) the farm program acreage for the crop, by (III) the farm's program yield for the crop.

"(ii) Whenever a land diversion program is in effect for a crop of feed grains, producers shall be eligible for payments under this paragraph for the entire farm program acreage for such crop, if the producers actually plant feed grains on at least 50 per centum of the farm program acreage and devote the remainder of the farm program acreage for the crop to conserving uses or nonprogram crops, and the feed grain crop acreage base and the feed grain program yield for the farm program acreage shall not be reduced due to the fact that it was devoted to conserving uses or nonprogram crops.

"(iii) Other than as provided in clause (ii) payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(B) The payment rate for a crop of corn shall be the amount by which the established price for the crop of corn (less 6 cents per bushel if the Secretary establishes a feed grain export certificate program for the crop under section 107F(a)) exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a), before any adjustment made under the third sentence in subsection (a)(1)(A) or subparagraph (B) of subsection (a)(2), for the marketing year for such crop of corn.

"(C) The established price for the 1986 and 1987 crops of corn shall be $3.03 per bushel, and for each of the 1988 and 1989 crops of corn shall be a price determined by the Secretary that is not less than 110 per centum nor more than

125 per centum of the simple average price per bushel received by farmers (as determined by the Secretary) during the marketing years for the immediately preceding five crops, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period. The established price for a crop of corn may not be established under the foregoing formula at a level that is less than 95 per centum of the established price for the preceding crop of corn, nor may the Secretary set the established price for the 1988 or 1989 crop of corn at a level less than the level for the preceding crop of corn unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the costs of production for such crop of corn for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the previous crop of corn for all producers. The simple average price received by farmers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the third sentence in subsection (a)(1)(A) or subparagraph (B) of subsection (a)(2), the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made. Any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity of feed grains on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(2)(A) Except as otherwise provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm's program yield for feed grains established by the Secretary for such crop times a payment rate equal to 33⅓ per centum of the established price for the crop. Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) Except as otherwise provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm's program yield for feed grains established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for prevented planting disaster payments under subparagraph (A) if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage. Producers on a farm shall not be eligible for reduced yield disaster payments under subparagraph (B) if crop insurance on the growing crop is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C), the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and "(iii) additional assistance must be made available to such producers to alleviate the economic emergency. The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the feed grain program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) Except as provided in subsection (e)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to feed grains for harvest from the feed grain crop acreage base established for the farm for the crop under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to feed grains for harvest is less than the feed grain crop acreage base established for the farm for the crop under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The program yields for farms for each crop of feed grains shall be determined under title V.

"(e)(1) Notwithstanding any other provision of law—

"(A) Except as otherwise provided in subparagraph (B), the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than September 30 prior to the calendar year in which the crop is harvested, except that the Secretary may make appropriate adjustments in such announcement for the feed grain acreage limitation program or the set-aside program not later than October 30 before the calendar year in which the crop is harvested, if the Secretary determines that there has been a significant change in the total supply of feed grains since the earlier announcement.

"(B)(i) For the 1986 crop of feed grains, the Secretary shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain acreage base for the farm for the crop reduced by a total of 20 per centum, except that, for producers who plant the 1986 crop of feed grains before the announcement by the Secretary of the feed grain acreage limitation program for that crop, the Secretary shall provide for a combination of (I) an acreage limitation program, and (II) a paid diversion program, as described in paragraph (5), under which the acreage on the farm planted to feed grains for harvest will be limited to the feed grain crop acreage base for the farm for the crop reduced by 10 per centum under the acreage limitation program and by an additional 10 per centum under the paid diversion program.

"(ii) With respect to any of the 1987 through 1989 crops of feed grains, if the Secretary estimates not later than September 30 of the year prior to the calendar year in which the crop is harvested that the quantity of feed grains on hand in the United States on the first day of the marketing year for that crop (not including any quantity of feed grains of that crop) will exceed 1,100,000,000 bushels, the Secretary (I) shall provide for an acreage limitation program, as described in paragraph (2), under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 10 per centum, and (II) may provide for a paid diversion program, as described in paragraph (5), or an additional acreage limitation for any desired reduction in planted acreage in excess of 10 per centum of the feed grain crop acreage base for the farm.

"(iii) As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program.

"(2) If the feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. Feed grain acreage bases for each crop of feed grains shall be determined under title V. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to feed grains, by (B) the number of acres authorized to be planted to feed grains under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 're-duced acreage'. If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (c) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (b)(1)(A)(ii), the individual farm program acreage shall be the acreage on the farm planted to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into the Secretary with such producers.

The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) In carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2), but may be required if a set-aside program is established under subsection (e)(3).".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 402. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE V—COTTON

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 501. Effective only for the 1986 through 1989 crops of upland cotton, section 103 of the Agricultural Act of 1949 (7 U.S.C. 1444) is amended by adding at the end thereof the following:

"(i) Notwithstanding any other provision of law—

"LOANS

"(1) The Secretary, on presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, shall make available for each of the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, notwithstanding the foregoing provisions of this paragraph, the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. In no event (other than as provided in the next sentence) shall the loan level for a crop of upland cotton be less than 95 per centum of the loan level for the preceding crop of upland cotton as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the loan level computed under the foregoing provisions would discourage the exportation of cotton and cause excessive stocks of upland cotton in the United States, the Secretary shall reduce the loan level so computed by an amount that does not exceed 20 per centum of the loan level that would have been in effect but for this sentence. The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection, on request of the producer during the tenth month of the loan period for the cotton, shall be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"LIMITED GLOBAL IMPORT QUOTA

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B), the term 'supply' means, using the latest official data of the

Bureau of the Census, the Department of Agriculture, and the Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales, for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"TARGET PRICES

"(3)(A) The Secretary shall make payments available for each of the 1986 through 1989 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price per pound received by farmers for upland cotton during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop,

is less than the established price per pound times in each case the farm program acreage for cotton (determined in accordance with paragraph (5) or (8)(C), but in no event on a greater acreage than the acreage actually planted to cotton for harvest), multiplied by the program yield for the farm for upland cotton (determined in accordance with paragraph (7)).

"(B)(i) The established price for the 1986 and 1987 crops of upland cotton shall be 81 cents per pound. Subject to the provisions of clause (ii), the established price per pound for upland cotton for each of the 1988 and 1989 crops shall be not less than 90 per centum of the United States average cost of production per pound for the three crop years immediately preceding the crop year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of upland cotton be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988 or 1989 crop of upland cotton at a level less than the level for the preceding crop of upland cotton unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of upland cotton for all producers.

"(C) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the loan level for a crop of upland cotton in accordance with the fourth sentence of paragraph (1) or the loan level for the crop before such adjustment is established at a level below $0.55 per pound, the Secretary shall provide emergency compensation by increasing the established price payments for cotton by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the loan level had not been made or as if the reduction in the loan level before such adjustment to a level below $0.55 had not occurred, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTION

"(4)(A)(i) With respect to a crop of upland cotton, if the Secretary estimates (not later than November 1 of the year before the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the quantity of upland cotton that the Secretary estimates will be used domestically and for export during the marketing year for such crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on acreage planted to upland cotton in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of upland cotton on hand on the last day of the marketing year for such crop will not exceed one-third of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop; nor

"(II) acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the upland cotton crop acreage base for that farm for that crop.

"(B)(i) If a cotton acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the upland cotton crop acreage base for the crop for each cotton-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to upland cotton, by (II) the number of acres authorized to be planted to upland cotton under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to upland cotton for harvest on a farm shall be limited to the upland cotton crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction required under subparagraph (B), and land diversion payments in kind shall be made to producers who devote to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the upland cotton crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from the stocks of upland cotton owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of upland cotton may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(5) Producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established under paragraph (4), shall be ineligible for upland cotton loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (4) for a crop of upland cotton, paragraph (8) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (8) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under paragraph (4).

"ACREAGE BASES

"(6) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title V.

"YIELDS

"(7) The program yields for farms for each crop of upland cotton shall be determined under title V of this Act.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(8)(A) Except for crops for which there is an acreage limitation program under paragraph (4), the Secretary shall establish a national program acreage for each of the 1986 through 1989 crops of upland cotton. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first announced for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines it necessary based on the latest information, and the Secretary shall announce such revised national program acreage as soon as it is made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the upland cotton program yields for the crop for which the determination is made) will produce the quantity of upland cotton (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(B) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(C) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to upland cotton for harvest from the upland cotton crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to upland cotton for harvest is less than the upland cotton crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(9)(A) An operator of a farm desiring to participate in the program conducted under paragraph (4) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the

Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary nevertheless may make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(10) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"RECOURSE LOANS FOR SEED COTTON

"(11) To encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with the authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 502. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 503. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 504. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

MARKETING CERTIFICATES

SEC. 505. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1990, the world price of upland cotton (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for upland cotton determined under section 103(i) of the Agricultural Act of 1949, to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available for domestic consumption or for export at competitive prices, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for upland cotton as determined under section 103(i) of the Agricultural Act of 1949, and the prevailing world market price of upland cotton, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation under regulations prescribed by the Secretary of Agriculture, may assist the persons receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) upland cotton owned by the Commodity Credit Corporation or (2) (if the Secretary and any such person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary of Agriculture shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to cotton handlers under this section may be transferred to other handlers and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VI—RICE

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATION AND LAND DIVERSION PROGRAMS FOR THE 1986 THROUGH 1989 CROPS OF RICE

SEC. 601. Effective only for the 1986 through 1989 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end thereof the following:

"(j) Notwithstanding any other provision of law—

"LOANS

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1986 through 1989 crops of rice at a level, per hundredweight, not less than 85 per centum of the average price per hundredweight for rice received by farmers during the marketing years for the three preceding crops of rice, as determined by the Secretary. In no event (other than as provided in the next sentence) shall the level of loans and purchases for a crop of rice be less than 95 per centum of the level for the preceding crop of rice as computed without regard to any adjustment made under the next sentence. If the Secretary determines that the level of loans and purchases computed under the foregoing provisions would discourage the exportation of rice and cause excessive stocks of rice in the United States, the Secretary shall reduce the level of loans and purchases so computed by an amount that does not exceed 20 per centum of the level that would have been in effect but for this sentence. The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than January 31 of the calendar year for the crop harvested in that calendar year. Any loan made under this paragraph shall have a term of ten months beginning on the first day of the month in which the loan is made.

"TARGET PRICES

"(2)(A) The Secretary shall make payments available to producers for each of the 1986 through 1989 crops of rice grown in the several States of the United States in amounts computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the program yield established for the crop for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for a crop of rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price per hundredweight received by farmers during the calendar year that includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C)(i) The established price per hundredweight for rice for the 1986 and 1987 crops shall be $11.90 per hundredweight. Subject to the provisions of clause (ii) the established price per hundredweight for rice for each of the 1988 and 1989 crops shall be not less than 90 per centum of the United States average cost of production per hundredweight for the three crop years immediately preceding the year before the crop year, based upon then current total economic cost calculations of the Economic Research Service of the Department of Agriculture.

"(ii) In no event shall the established price for a crop of rice be less than 95 per centum of the established price for the preceding crop, nor may the Secretary set the established price for the 1988 or 1989 crop of rice at a level less than the level for the preceding crop of rice unless the Secretary certifies to Congress at the time the Secretary announces the program for the crop that the cost of production for such crop of rice for all producers, as estimated by the Economic Research Service of the Department of Agriculture in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 per centum below the cost of production for the preceding crop of rice for all producers.

"(D) Notwithstanding the foregoing provisions of this subsection, if the Secretary adjusts the level of loans and purchases for a crop of rice in accordance with the third sentence of paragraph (1), the Secretary shall provide emergency compensation by increasing the established price payments for rice by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, and any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985.

"INVENTORY CONTROL AND ACREAGE REDUCTIONS

"(3)(A)(i) With respect to a crop of rice, if the Secretary estimates (not later than January 31 of the calendar year in which the crop is to be harvested) that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the quantity of rice that the Secretary estimates will be used domestically and for export during the marketing year such the crop, then, in order to reasonably ensure making progress toward achievement of the goal set forth in clause (ii), the Secretary shall establish—

"(I) a limitation on the acreage planted to rice in accordance with subparagraph (B); and

"(II) if the Secretary determines that such acreage limitation program will not achieve such goal, a payment-in-kind land diversion program in accordance with subparagraph (C).

"(ii) The goal referred to in clause (i) is that the quantity of rice on hand at the last day of the marketing year for such crop will not exceed one-fifth of the amount of the crop that the Secretary estimates will be used domestically and for export during that marketing year.

"(iii) In no event may—

"(I) the acreage limitation for a crop with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop; nor

"(II) the acreage diverted from production for a crop under the payment-in-kind land diversion program with respect to any farm exceed 25 per centum of the rice crop acreage base for that farm for that crop.

"(B)(i) If a rice acreage limitation is announced under subparagraph (A), such limitation shall be achieved by applying a uniform percentage reduction to the rice crop acreage base for the crop for each rice-producing farm.

"(ii) A number of acres on the farm determined by dividing (I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (II) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, that will ensure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(iii) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C) If a payment-in-kind land diversion program is in effect under subparagraph (A), the acreage planted to rice for harvest on a farm shall be limited to the rice crop acreage base for the farm for the crop reduced by a percentage uniformly applied to each farm, in addition to the reduction under subparagraph (B), and land diversion payments in kind shall be made to producers who devote, to the extent prescribed by the Secretary, to approved conservation uses an acreage of cropland on the farm equivalent to the reduction required from the rice crop acreage base for the farm in accordance with land diversion contracts entered into by the Secretary with such producers. Such payments shall be made from stocks of rice owned by the Commodity Credit Corporation. If such stocks are insufficient for such purpose, the Secretary shall substitute cash payments as necessary. Such substitution shall be applied on a uniform basis to each producer. The amounts payable to producers under land diversion contracts may be determined through such means as the Secretary determines appropriate. Any payments in kind (including any cash substitutes) made under this paragraph shall not be included in the payments subject to limitations under the provisions of section 1011 of the Food Security Act of 1985. The total of such payments in kind (including any cash substitutes) that any person may receive for any crop of rice may not exceed $50,000.

"(D) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"COMPLIANCE

"(4) Producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established under paragraph (3), shall be ineligible for rice loans and payments for the crop involved with respect to that farm. If an acreage limitation or a payment-in-kind land diversion program is announced under paragraph (3) for a crop of rice, paragraph (7) shall not be applicable to such crop, including any prior announcement that may have been made under paragraph (7) with respect to such crop. The individual farm program acreage shall be the acreage on the farm planted to rice for harvest within the permitted rice acreage for the farm as established under paragraph (3).

"ACREAGE BASES

"(5) Rice crop acreage bases for each crop of rice shall be determined under title V.

"YIELDS

"(6) The program yields for farms for each crop of rice shall be determined under title V.

"NATIONAL PROGRAM ACREAGE, PROGRAM ALLOCATION FACTOR, AND INDIVIDUAL FARM PROGRAM ACREAGES

"(7)(A) Except for crops in which there is an acreage limitation program under paragraph (3), the Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of the calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under subparagraph (B) if the Secretary determines a revision necessary based on the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the rice program yields for the crop for which the determination is made) will produce the quantity of rice (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to ensure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage on the farm planted to rice for harvest from the rice crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage planted to rice for harvest is less than the rice acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"ADMINISTRATIVE PROVISIONS

"(8)(A) An operator of a farm desiring to participate in the program conducted under paragraph (3) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary, by mutual agreement with the producers on the farm, may terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(B) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(C) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(D) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary, nevertheless, may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil

Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(E) The Secretary may issue such regulations as the Secretary determines necessary to carry out this subsection.

"(F) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(G) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"CROSS-COMPLIANCE AND OFFSETTING COMPLIANCE

"(9) Notwithstanding any other provision of law—

"(A) compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection; and

"(B) the Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this subsection for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

EXPORT MARKETING CERTIFICATES

SEC. 602. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1990, the world price for rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan rate for rice determined under section 101(j) of the Agricultural Act of 1949, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, may make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the Commodity Credit Corporation to participate in the program in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available for export at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between the loan rate for rice as determined under section 101(j) of the Agricultural Act of 1949, and the prevailing world market price for rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist the persons receiving payment-in-kind certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and any such person agree) other agricultural commodities or products owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites thereof, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance to be established by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of its presentation to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

(g) For any year or other period for which a payment-in-kind program is in effect under this section, the Secretary of Agriculture, for the purposes of calculating loan levels under section 103(i) of the Agricultural Act of 1949, shall consider the average market prices for such year or period to be increased by the average rate of payment under the program for such year or period if such average market prices are below the loan level for such year or period.

TITLE VII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 701. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

(1) subsections (a) through (j) of section 358;

(2) subsections (a) through (h) of section 358a;

(3) subsections (a), (b), (d), and (e) of section 359;

(4) part I of subtitle C of title III; and

(5) section 371.

POUNDAGE QUOTAS

SEC. 702. Effective only for the 1986 through 1989 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q) The national poundage quota for peanuts for each of the 1986 through 1989 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than one million one hundred thousand tons. The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota for each of the 1986 through 1989 marketing years shall be established—

"(A) for each farm that had a farm poundage quota for the 1985 marketing year; and

"(B) if the poundage quota apportioned to a State under subsection (r) of this section for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least two of the three immediately preceding crop years, as determined by the Secretary.

The farm poundage quota for each of the 1986 through 1989 marketing years for each farm described in subparagraph (A) of the preceding sentence shall be the same as the farm poundage quota ~~for such farm~~ for the immediately preceding marketing year, as adjusted under paragraph (2) of this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. The farm poundage quota, if any, for each of the 1986 through 1989 marketing years for each farm described in subparagraph (B) of the first sentence of this paragraph shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1986 through 1989 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally to—

"(A) each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(B) each other farm in the State on which peanuts were produced in at least two of the three immediately preceding crop years, as determined by the Secretary.

If the poundage quota apportioned to a State under subsection (r) of this section for any of the 1987 through 1989 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such decrease shall be allocated equally to each farm in the State for which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3) The farm poundage quota established for a farm for any of the 1986 through 1989 marketing years shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established for the farm for any two of the three marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6) The total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) of this subsection shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year for which such allocation is being made, except that not less than 25 per centum of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe. Any adjustment in the farm poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8) The farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years, except that no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota is established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the four calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, and fourth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 703. Effective only for the 1986 through 1989 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may by regulation prescribe. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than ten thousand tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 704. Effective only for the 1986 through 1989 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(C) marketed under contracts between handlers and producers pursuant to the provisions of subsection (q) of this section.

Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts, and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and

Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as otherwise provided in paragraph (2) of this subsection, the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) of this subsection if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with provisions that the Secretary shall by regulation prescribe.

"(B) The regulations issued by the Secretary under subparagraph (A) of this paragraph shall include, but need not be limited to, the following provisions:

"(i) A handler of shelled peanuts may export peanuts classified by type in the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts;

"(II) sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts; and

"(III) the remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) A handler shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, or other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q) A handler may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing or export or both. Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer;

"(2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(6), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program, except that the amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 705. Effective only for the 1986 through 1989 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) the Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1989 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by farmers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary. The national average quota support rate for each of the 1987 through 1989 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage. The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(2) the Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1989 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined;

"(3)(A) in carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938;

"(B) the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico, and bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(4) notwithstanding any other provision of this section—

"(A) any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan; and

"(B)(i) the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938; and "(ii) losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under the first sentence of paragraph (3)(B) in such manner as the Secretary shall by regulation prescribe;

"(5) notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 706. Effective only for the 1986 through 1989 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 707. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1989 crops of peanuts.

TITLE VIII—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 801. Effective only for the 1986 through 1989 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof the following:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the four marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years except that in no event shall the Secretary establish a support price of less than $5.02 per bushel: *Provided,* That if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the market year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law, the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans or allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program.".

TITLE IX—SUGAR

SUGAR PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1989 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following:

"(i) The price of each of the 1986 through 1989 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified in this subsection. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 through 1989 crops. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. Notwithstanding the foregoing provisions of this subsection, the Secretary shall consider making annual adjustments in the loan rate for each of the 1986 through 1989 crops of domestically grown sugarcane and sugar beets, based upon changes, during the period in which the two crops immediately preceding the crop for which the determination is made were produced, in such factors as inflation, costs of production as reasonably determined by the Secretary, and other circumstances that may adversely affect domestic sugar production. If the Secretary determines not to make any such adjustment in the loan rate, the Secretary's findings, decision, and supporting data shall be submitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate prior to any public announcement of the loan rate for the crop involved. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

TITLE X—GENERAL COMMODITY PROVISIONS

Subtitle A—The Agricultural Efficiency and Equity Act of 1985

SHORT TITLE

SEC. 1001. This subtitle may be cited as the "Agricultural Efficiency and Equity Act of 1985".

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1002. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting, after title IV the following:

"TITLE V—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 501. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"DEFINITIONS

"SEC. 502. For purposes of this title—

"(1) the term 'program' means the farm and crop acreage base and program yield system established under this title;

"(2) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice;

"(3) the term 'crop year' means the calendar year in which a crop is normally harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term 'crop year' with respect to such crop means the calendar year in which such crop is planted and during which substantially all growth occurs;

"(4) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for the county in which the farm is located; and

"(5) the term 'cooperator' means any producer of any program crop who is considered a cooperator under the provisions of section 101(e).

"FARM ACREAGE BASES

"SEC. 503. (a) The Secretary shall provide, for each farm on which at least one program crop was produced during at least one of the five crop years immediately preceding the 1986 crop year, for the establishment and maintenance of farm acreage bases.

"(b)(1) The county committee shall determine the farm acreage base for any crop year beginning after the 1985 crop year for any farm referred to in subsection (a), which, except as otherwise provided in paragraph (2), shall be the number of acres equal to the total of—

"(A) the average of the total acres on the farm planted to wheat and feed grains for harvest (or considered as so planted under section 509) in each of the five crop years immediately preceding such crop year;

"(B) the average of the total acres on the farm planted to upland cotton and rice for harvest (or considered as so planted under section 509)—

"(i) (for each of the 1986 through 1988 crop years for which such base is being determined) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) (for each of the 1989 and succeeding crop years for which such base is being determined) in each of the five crop years immediately preceding such crop year; and

"(C) the average of the total acres on the farm otherwise considered, under section 509, as planted to program crops for harvest in each of the five crop years immediately preceding such crop year,

except that for each of the 1986 through 1988 crop years for which such base is being determined, such number of acres may not exceed the average acreage on the farm planted to program crops (or considered as so planted under section 509) for harvest during the two preceding crop years.

"(2) For the purpose of determining the farm acreage base for the 1986 crop year for any farm referred to in subsection (a), the county committee may construct a planting history for such farm if—

"(A) planting records for such farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year of such crop, no program crop was produced on such farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"CROP ACREAGE BASES

"SEC. 504. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop (including any program crop produced under an established practice of double cropping) produced on each farm referred to in section 503(a).

"(2) The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary may prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice provid-

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ed for in subsection (b), the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year but for the operation of the preceding sentence, the crop acreage bases for the farm shall be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base.

"(b)(1) The county committee shall determine the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 503(a). Except as otherwise provided in subsection (a)(2), the crop acreage base for any program crop for any crop year beginning after the 1985 crop year for any farm referred to in section 503(a) shall be—

"(A) if the program crop is wheat or feed grains, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 509) in each of the five crop years preceding such crop year; and

"(B) if the program crop is upland cotton or rice—

"(i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 509) in each of the preceding crop years beginning with the 1984 crop year; and

"(ii) for each of the 1989 and succeeding crop years, the number of acres that is equal to the average of the number of acres on the farm planted to such crop for harvest (or considered as so planted under section 509) in each of the five crop years preceding such crop year.

"(2) For the purpose of determining the crop acreage base for any program crop for the 1986 crop year for any farm referred to in section 503(a), the county committee may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding the 1986 crop year, the program crop was not produced on the farm.

Such planting history shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985.

"ADJUSTMENT OF CROP ACREAGE BASES BY PRODUCERS

"SEC. 505. (a) Any producer, by submitting notice to the county committee before the time specified in subsection (c) with respect to any crop year, may increase or decrease the crop acreage base for any program crop for the producer's farm for such crop year to the extent provided in subsection (b).

"(b)(1) An adjustment of any crop acreage base for any farm under subsection (a) (or, in the case of an adjustment in the crop acreage bases for two or more program crops, the sum of the number of acres by which each such crop acreage base is increased or decreased) may not exceed the number of acres that is equal to 10 per centum of the farm acreage base for such farm for such crop year, except that such adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more program crops are adjusted) for the 1986 crop year may not exceed the number of acres that is equal to 20 per centum of the farm acreage base for such farm for such crop year. No such adjustment shall be construed to increase the farm acreage base for such farm for such crop year.

"(2) The Secretary may suspend, on a nationwide basis, any limitation contained in paragraph (1) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to the program crop; or

"(B) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"(c) Any notice under subsection (a) shall be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

"(1) the final date required by law for the announcement by the Secretary of any acreage or supply control program with respect to the program crop for the crop year involved; or

"(2) in the case of—

"(A) wheat, July 1 of the year preceding such crop year;

"(B) feed grains, September 30 of the year preceding such crop year;

"(C) upland cotton, November 1 of the year preceding such crop year; and

"(D) rice, January 1 of such crop year,

whichever date occurs first with respect to the program crop.

"PROGRAM YIELDS

"SEC. 506. (a) The Secretary shall provide for establishing a program yield for each program crop for each crop year for any farm.

"(b)(1) The county committee shall determine the program yield for any program crop for any crop year beginning with the 1986 crop for any farm. Subject to paragraphs (2) and (3), and except as otherwise provided in subsection (d), the program yield for any program crop for any crop year for any farm shall be the average of the actual yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm.

"(2) The program yield for any program crop for any crop year for any farm shall not be more than 150 per centum nor, except as provided in paragraph (3), less than 90 per centum of the program yield for the crop for the immediately preceding crop year for the farm.

"(3) The program yield for any program crop for the 1986 crop year shall not be less than the yield established for the crop for the 1985 crop year under this Act.

"(c) Under such regulations as the Secretary may prescribe, the county committee for any county may adjust any program yield for any program crop for any farm within the county to the extent that the committee determines that—

"(1) a significant change in any farming practice on the farm will materially and permanently affect the yield for the crop on the farm, or

"(2) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yield for the crop on the farm does not accurately reflect the productive potential of the farm.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (b)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on farms that the committee determines are similar to such farm with respect to size, location, and farming practices.

"RESPONSIBILITIES OF COUNTY COMMITTEES

"SEC. 507. (a)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to specify the total number of acres on the farm planted to program crops for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each program crop in each such crop year for harvest. Before the beginning of the crop year, the county committee shall—

"(A) establish or adjust the farm acreage base and each crop acreage base for the crop year for each such farm on the basis of such information; and

"(B) notify each such producer of the farm acreage base and each crop acreage base that shall apply to such farm for such crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on each such farm.

"(3) The records of the farm acreage base and crop acreage base for a farm for the 1986 crop year shall reflect the determinations made under sections 503(b) and 504(b) and shall include—

"(A) any crop planting history for the farm, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act; and

"(B) any construction of planting history for the farm made by the county committee to the extent provided in sections 503(b)(2) and 504(b)(2).

"(b)(1) Effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary may by regulation prescribe, shall request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs under this Act, with respect to a farm for a crop year to supply such information as may be necessary for determining the program yield as provided in section 506 for any program crop produced on any farm within such county by the producer for the crop year. The county committee shall notify each producer of such determination for each crop year.

"(2) For each of the 1986 and subsequent crop years, each county committee in accordance with such regulations as the Secretary may prescribe, shall maintain records of the program yield for any program crop for any crop year for any farm operated by a producer within the county.

"(3) The records of program yield for any program crop for any crop year for a farm shall reflect the determinations made under section 506 and shall include—

"(A) any crop history for the five crop years immediately preceding the 1986 crop year, as submitted to the county committee by a producer who seeks to be considered a cooperator or otherwise participate in the commodity programs under this Act;

"(B) any construction of crop yield history for the farm made by the county committee to the extent provided in section 506(d);

"(C) the actual yield per harvested acre for the crop for the farm for the 1986 and each subsequent crop year; and

"(D) any adjustment in the program yield for the crop for the farm made by the county committee under section 506(c).

"NEW PRODUCERS AND SIMILAR SITUATIONS

"SEC. 508. Each county committee may provide for the establishment of a farm acreage base and crop acreage bases with respect to any farm located within the county if such farm acreage base and crop acreage bases cannot be established under sections 503 and 504. Such bases shall be established in a fair and equitable manner in accordance with regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985, except that no such bases shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SPECIAL RULES

"SEC. 509. (a) For purposes of determining any farm acreage base or any crop acreage base under this title, the number of acres planted to any program crop in a crop year includes any acreage that, under any other provision of law, is reserved from production of a program crop for such crop year because of the participation of the producer in an acreage or crop limitation program under such provision of law (except to the extent that such acreage is planted to soybeans), including any acreage devoted to conserving uses, or planted to program crops not for harvest or to nonprogram crops (except soybeans), by a person participating in the program in excess of the acreage required to be reserved from production of the program crop for such crop year.

"(b) For purposes of determining any farm acreage base under this title, the number of acres planted to a program crop in a crop year also includes any acreage that—

"(1) is devoted by the producer to a conserving use during such crop year in the normal course of farming operations, as determined by the county committee under regulations that the Secretary shall publish no later than sixty days after the date of enactment of the Food Security Act of 1985;

"(2) the producer is unable to plant to such crop (or, if planted to such crop, is unable to harvest) during such crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, as determined by the county committee; or

"(3) except as provided in subsection (c), is planted to soybeans.

"(c) In any crop year that acreage planted and considered planted under the provisions of subsections (a) and (b) to all program crops on a farm, before the application of the rules under this subsection, would be determined to exceed the farm acreage base for the farm for such crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (1) the total of (A) the acreage planted (and considered planted under the provisions of subsections (a) and (b)) to wheat, feed grains, upland cotton, and rice for the farm for such crop year and (B) the total acreage planted to soybeans, and (2) the farm acreage base for such farm for such crop year, shall not be considered planted under subsection (b)(3).

"(d) If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), under such regulations as the Secretary may prescribe, the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of such program crop. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of such producer to be considered a cooperator or otherwise participate in a commodity program under this Act, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"APPEAL PROCEDURE

"SEC. 510. The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek administrative review of such determination.".

REPEAL OF OUTDATED PROGRAM PROVISIONS

SEC. 1003. (a) Effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out sections 326, 327, 328, 329, 330, 332, 333, 334, 334a, 335, 336, 338, 339, 342, 342a, 343, 344, 344a, 345, 346, 372(a), 379b, 379c, 379d, 379e, 379f, 379g, 379h, 379i, and 379j (7 U.S.C. 1326, 1327, 1328, 1329, 1441 note, 1332, 1333,

1334, 1334b, 1335, 1336, 1338, 1339, 1342, 1342a, 1343, 1344, 1344b, 1345, 1346, 1372a, 1379b, 1379c, 1379d, 1379e, 1379f, 1379g, 1379h, 1379i, and 1379j, respectively)

(2) in section 361 (7 U.S.C. 1361), striking out "corn, wheat, cotton, peanuts, and rice" and inserting in lieu thereof "and peanuts";

(3) in section 371(a) (7 U.S.C. 1371(a)), striking out "cotton, rice,", and striking out the comma after "peanuts";

(4) in section 371(b) (7 U.S.C. 1371(b)), striking out "cotton, rice";

(5) in section 373 (7 U.S.C. 1373), striking out "corn, wheat, cotton, rice, peanuts," in subsection (b) and both places it appears in subsection (a), and inserting in lieu thereof "peanuts";

(6) section 374(b) (7 U.S.C. 1374(b)), striking out the phrase "farm acreage allotment" each time it appears and inserting in lieu thereof the phrase "crop acreage base";

(7) in the last sentence of section 374(c) (7 U.S.C. 1374(c)), inserting "or permitted acreage" after "allotment";

(8) in section 375(a) (7 U.S.C. 1375(a)), striking out "corn, wheat, cotton, rice, peanuts," and inserting in lieu thereof "peanuts";

(9) in section 377 (7 U.S.C. 1377)—

(A) striking out "(excluding any allotment released from the farm or reapportioned to the farm and any allotment provided for the farm pursuant to subsection (f)(7)(A) of section 344)"; and

(B) in the first proviso, striking out "or, in the case of upland cotton on a farm which qualified for price support on the crop produced in any such year under section 103(b) of the Agricultural Act of 1949, as amended, 75 per centum of the farm domestic allotment established under section 350 for any such year"; and

(10) in section 378 (7 U.S.C. 1378), adding at the end thereof the following:

"(g) In applying the provisions of this section to a farm for which a farm acreage base has been determined under the provisions of the Agricultural Efficiency and Equity Act of 1985, the word 'allotment', wherever it appears, shall be construed to mean 'farm acreage base and any crop acreage base comprised therein'.".

(b) Effective beginning with the 1986 crop of wheat, Public Law 74, 77th Congress, is repealed.

PRICE SUPPORT LEVELS FOR COOPERATORS UNDER PERMANENT LAW

SEC. 1004. (a) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by—

(1) in section 101 (7 U.S.C. 1441)—

(A) in the introductory paragraph, inserting "(with respect only to tobacco and peanuts)" before "producers have not disapproved marketing quotas for such crop"; and

(B) amending subsection (d)(3) to read as follows:

"(3) the level of price support to cooperators for any crop of peanuts for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price therefor; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;"; and

(C) in paragraph (5) of subsection (d), inserting "except with respect to wheat, corn, upland cotton, and rice," before "price support may be made";

(2) in section 103(a) (7 U.S.C. 1444(a))—

(A) in the first sentence, striking out "for which producers have not disapproved marketing quotas"; and

(B) in the third sentence, striking out "and in case marketing quotas are disapproved";

(3) in section 105 (7 U.S.C. 1444) striking out "producers" both places it appears and inserting in lieu thereof "cooperators";

(4) in section 107 (7 U.S.C. 1445a)—

(A) in paragraph (1), striking out "accompanied by domestic certificates" and inserting in lieu thereof "produced by a cooperator";

(B) striking out paragraphs (2), (3), (5), and (6); and

(C) redesignating paragraph (4) as paragraph (2); and

(5) amending section 408(b) (7 U.S.C. 1428(b)) to read as follows:

"(b) A 'cooperator' (1) with respect to wheat, feed grains, upland cotton, and rice, shall be a 'cooperator' as that term is defined in section 101(e) of this Act, and (2) with respect to any other basic agricultural commodity, shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938.".

(b) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding after subsection (d) the following:

"(e)(1) Only a producer who is a cooperator for a crop shall be eligible for price support under any program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for such crop under this section, or section 103(a), 105, or 107 of this Act, respectively.

"(2) A producer of wheat, feed grains, upland cotton, or rice shall be considered a cooperator for a crop of such commodity with respect to a farm if the producer has a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each program crop (as defined in section 502(2) of this Act) produced on such farm, under title V of this Act, and—

"(A) the number of acres on the farm planted to all program crops (as defined in section 502(2) of this Act) for harvest by such producer for such crop does not exceed the farm acreage base for such farm for the crop year involved, except to the extent that such excess is due to an established practice of double cropping, and

"(B) the number of acres on the farm planted to each program crop (as defined in section 502(2) of this Act) for harvest by such producer for the crop year involved does not exceed the crop acreage base for such program crop for such farm for such crop year.

"(3) The Secretary may suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity under this subsection, if the Secretary determines that—

"(A) a short supply or other similar emergency situation exists with respect to any such commodity; or

"(B) market factors exist that require the suspension of any such limitation to achieve the purposes of the farm and crop acreage base and program yield system established under title V of this Act.

"(4) Notwithstanding any other provision of this subsection, the Secretary may, on a nationwide basis, consider a producer a cooperator for any crop of rice, upland cotton, feed grains, or wheat produced on a farm by such producer if—

"(A) such producer has established and maintained a farm acreage base and a crop acreage base applicable to such commodity for such crop year on such farm, and

"(B) the number of acres on such farm planted to such commodity for harvest by such producer in such crop year does not exceed the crop acreage base for such commodity on such farm for such crop year.".

CONFORMING CHANGES

SEC. 1005. (a) Effective beginning with the 1986 crop of wheat, section 327 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339b) is repealed.

(b) Effective beginning with the 1986 crops, the first sentence of section 706 of the Food and Agriculture Act of 1965 (7 U.S.C. 1305) is amended by striking out "feed grain" and inserting in lieu thereof the word "acreage".

(c) Effective beginning with the 1986 crop of upland cotton, section 506 of the Agriculture and Food Act of 1981 (7 U.S.C. 1342 note) is repealed.

Subtitle B—Miscellaneous Commodity Provisions

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, COTTON, AND RICE

SEC. 1011. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, extra long staple cotton,

and rice shall not exceed $50,000 for each of the 1986 through 1989 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat and feed grains shall not exceed $100,000 for each of the 1986 through 1989 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, nor any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments other than those diversion payments in kind made under section 103(i) or 101(j) of the Agricultural Act of 1949, as added by this Act, or section 1011 of this Act) or public access for recreation.

(4) If the Secretary of Agriculture determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and

reasonable in relation to the amount of the payment reduction.

(5) The Secretary of Agriculture shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: *Provided*, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

NONRECOURSE LOAN LIMIT

SEC. 1012. Effective with respect to the 1986 through 1989 crops of wheat, feed grains, soybeans, peanuts, and tobacco, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) designating the existing text thereof as subsection (a);

(2) striking out "No producer" in the first sentence and inserting in lieu thereof "Except as other-

wise provided in subsection (b) of this section, no producer"; and

(3) adding at the end thereof the following:

"(b) For each of the 1986 through 1989 crops, the total amount of nonrecourse loans that a person may receive for wheat, feed grains, soybeans, peanuts, or tobacco under one or more of the annual programs established under this Act for such crop shall not exceed an amount that causes the total outstanding principal balance for the person for such nonrecourse loans for all such commodities of the crop to exceed $250,000. Any such loan to the person whenever the outstanding principal balance for the person for nonrecourse loans for such commodities is $250,000 shall be recourse in nature. The regulations defining the term 'person' and prescribing rules applicable to limitations issued under section 1011(5) of the Food Security Act of 1985 shall apply to the term 'person' as used in this subsection and the limitation established under this subsection.".

EXTENSION OF THE NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1013. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of the Agriculture and Food Act of 1981 (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1989".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 1014. Effective only for the marketing years for the 1986 through 1989 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) striking out in the third sentence the matter following the third colon and inserting in lieu thereof the following: "*Provided,* That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1015. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1016. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1989".

HAYING AND GRAZING

SEC. 1017. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by—

(1) striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1989"; and

(2) effective beginning with the 1986 crops, striking out "farm program payment yield" in the first sentence of subsection (c) and inserting in lieu thereof "program yield".

(b) Effective beginning with the 1986 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 424. Notwithstanding any other provisions of this Act, in carrying out any acreage limitation, set-aside, or land diversion program under this Act for wheat, feed grains, upland cotton, or rice, the Secretary shall permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act for such State: *Provided,* That a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this section.".

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1018. Effective for the 1986 through 1989 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D of this title for one or more of the 1986 through 1989 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1989 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MULTIYEAR SET-ASIDES

SEC. 1020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1989 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section. Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(b) The Secretary of Agriculture shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(c) The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

COST REDUCTION OPTIONS

SEC. 1021. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) of this section will reduce the total of the direct and indirect costs to the Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the

Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary of Agriculture may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary of Agriculture may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Government due to—

(1) receipt by the Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity:

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary of Agriculture may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1011 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture under any other provision of law.

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1022. (a) Except as provided by subsection (b) of this section, effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a), striking out "and" after "supply" and inserting in lieu thereof a comma, and inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ", with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the higher of 140 per centum of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I of this Act";

(3) adding at the end of subsection (b) the following:

"Whenever—

"(A)(i) the total amount of wheat stored under storage programs established under this section is less than 17 per centum of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary, or

"(ii) the total amount of feed grains stored under storage programs established under this section is less than 7 per centum of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 per centum of the nonrecourse loan rate for the commodity,

the Secretary shall encourage participation in the programs under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after "(e)";

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total amount of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total amount of wheat that may be stored under such programs shall not exceed 30 per centum of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary;

"(B) the upper limit on the total amount of feed grains that may be stored under such programs shall not exceed 15 per centum of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary; and

"(C) notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 per centum of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 the date for repayment of which occurs after the date of enactment of this Act.

STORAGE PAYMENT RATES UNDER THE PRODUCER RESERVE PROGRAM

SEC. 1023. Section 110(b) of the Agricultural Act of 1949 (7 U.S.C. 1445e(b)) is amended by inserting, before the semicolon at the end of clause (2) of the third sentence, the following: ", except that the rate of payment for storage, per unit of production, shall in no case be less than the smaller of (A) the actual cost, per unit, incurred by the producer for storing grain under the program (not to include handling charges), or (B) the national average rate of payment, per unit, for storage in commercial warehouses".

ADVANCE DEFICIENCY PAYMENTS

SEC. 1024. Effective for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 is amended by inserting before section 108 the following:

"SEC. 107E. (a) Effective for each of the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, if the Secretary establishes an acreage limitation or set-aside program for a crop of wheat, feed grains, upland cotton, and rice, under this title and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary shall make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under this section shall be made to producers under the following terms and conditions:

"(1) Payments shall be made available to producers as soon as practicable after the producer files a notice of intention to participate in the program, but in no case prior to October 1, 1986.

"(2) Payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in the program, except that the amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the program yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this title is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this title that deficiency payments will not be made available on a crop with respect to which advance deficiency payments have already been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay, immediately, the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program provided for in this section through the Commodity Credit Corporation.

"(e) The program provided for in this section shall be in addition to, and not in place of, any authority granted to the

Secretary or the Commodity Credit Corporation under any other provision of law.".

DISCRETIONARY WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

SEC. 1025. Effective for the 1986 through 1989 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107E, as added by section 1024 of this Act, the following:

"SEC. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1989 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the producer's program yield for the commodity; times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient funds are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn; times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C of this Act; times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1989 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for the purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for such crop who meet the requirements of paragraph (2)) export marketing certificates, de-nominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than three months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 per centum of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be one bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If seven months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that each producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable; or

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be guilty of a misdemeanor and shall be subject, on conviction for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Government of the United States or agencies and instrumentalities thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely made, issued, altered, forged, or counterfeited export marketing certificate, shall be deemed guilty of a felony and on conviction thereof shall be subject to a fine of not more than $10,000 or imprisonment of not more than ten years, or both such fine and imprisonment.

"(5) For the purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

REQUIRED DISPOSITION OF SURPLUS COMMODITIES

Sec. 1026. If the Secretary of Agriculture determines that Government-owned food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs under the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949 cannot be disposed of in normal domestic trade channels without impairment of the price support programs under such Acts or sold abroad at competitive world prices, the Commodity Credit Corporation, under regulations issued by the Secretary, shall dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses.

NONCOMPLIANCE BASED ON EXCESS IDLED ACRES

SEC. 1027. Title IV of the Agricultural Act of 1949 is amended by adding, after section 424, as added by section 1017 of this Act, the following:

"SEC. 425. A producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton, or rice under this Act and who idles more land than is required by the provisions of the program shall not have such producer's payments under this Act for such crop reduced, nor be subject to any other monetary fine or penalty, for failure to plant the program crop on acres so idled or to accurately report planted and idled acres unless the Secretary finds by the preponderance of the evidence that the producer's acts were committed to obtain funds from the Government of the United States to which such producer was not entitled by law.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1028. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"SEC. 426. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. These recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

Division B—Trade, Conservation, and Credit

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

SEC. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "$1,000,000,000" in the first sentence and inserting in lieu thereof "$1,200,000,000";

(2) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(3) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

SEC. 1102. Effective October 1, 1985, title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721–1726) is amended by adding at the end thereof the following:

"SEC. 207. Not less than 75 per centum of the agricultural commodities made available for distribution in each fiscal year under this title for nonemergency programs shall be fortified or processed food. The President may waive the requirement under the preceding sentence, or make available a smaller percentage of fortified or processed food than required under the preceding sentence, during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under the preceding sentence. In making agricultural commodities available for distribution as provided in this section, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products.

"SEC. 208. Any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under this title shall include—

"(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available under this title for such program; and

"(2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program.".

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

SEC. 1103. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

SEC. 1104. It is the sense of Congress that—

(1) the President should work with the People's Republic of China to facilitate the export of commod-

ities, including dairy products and white wheat (in quantities sufficient to establish the quality of United States white wheat), to that country under the Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949 with a view to increasing markets for those commodities in the People's Republic of China; and

(2) the President, to the extent practicable, should respond favorably to any request of the People's Republic of China seeking such receipt of commodities.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1105. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2) of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

SEC. 1106. Effective October 1, 1985, section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries under title II of the Agricultural Trade Development and Assistance Act of 1954, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary of Agriculture or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that (i) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (ii) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will directly supplement the transportation, distribution, and use of commodities and products donated under this subsection.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 per centum of the quantity of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

Except as otherwise provided in subparagraph (C), no portion of the proceeds or services realized from sales or barter under paragraph (7) may be used to meet operating and overhead expenses.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall issue regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9) Not later than April 1, 1987, and annually thereafter, the Secretary shall report to Congress on sales and barters, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(A) the quantity of commodities furnished for such sale or barter;

"(B) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters in such fiscal year;

"(C) how such funds and services were used;

"(D) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(E) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year that such estimated use represents;

"(F) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(G) the extent to which sales, barter, or use displaces or interferes with commercial sales of United States agricultural commodities and products that otherwise would be made, or affects usual marketings of the United States, or disrupts world prices of agricultural commodities or normal patterns of trade with friendly countries, or discourages local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(H) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each fiscal year not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be (i) 1,400,000 metric tons of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 per centum of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less, and (ii) 10 per centum of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available. The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

"(C)(i) The Secretary may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year—

"(I) to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year; or

"(II) if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such minimum quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.".

Subtitle B—Food Security Wheat Reserve

EXTENSION OF THE RESERVE

SEC. 1111. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1637f–1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

Subtitle C—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

SEC. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been under-represented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

AGRICULTURAL TRADE CONSULTATIONS

SEC. 1122. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

DEPARTMENT OF AGRICULTURE EXPORT DEVELOPMENT PROGRAMS

Sec. 1123. (a) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall use $325,000,000 of funds of the Commodity Credit Corporation for direct export credit under the blended credit export sales program of the Department of Agriculture.

(b) Effective for the fiscal year ending September 30, 1986, the Secretary of Agriculture shall make available under the Export Credit Guarantee Program (GSM-102) carried out by the Commodity Credit Corporation credit guarantees for not less than $5,000,000,000 in short-term credit extended to finance export sales of United States agricultural commodities.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM-102) in excess of an amount equal to one-third of one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

Sec. 1124. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United

States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1125. (a)(1) Notwithstanding any other provision of law, effective for the period provided in subsection (h), the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities acquired by the Commodity Credit Corporation are provided to United States exporters, processors, or foreign purchasers, at no cost or reduced cost, to encourage the development and expansion of export markets for United States agricultural commodities.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to United States exporters, processors, or foreign purchasers under the program under this section except by mutual agreement of such exporter, processors, or purchaser and the Secretary.

(3) The Secretary of Agriculture (A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary, to counter or offset the adverse effect on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, and (B) may provide agricultural commodities under the program—

(i) to compensate, in whole or in part, for the high value of the United States dollar relative to other currencies, to increase the competitiveness of United States agricultural commodities in world markets;

(ii) to compensate, in whole or in part, overseas purchasers that buy United States agricultural commodities on credit for any increases in the value of the United States dollar while such credit is outstanding;

(iii) to offset, in whole or in part, interest charges that accrue on credit purchases of United States agricultural commodities by export customers;

(iv) to offset, in whole or in part, transportation charges involved in the export of United States agricultural commodities;

(v) in barter or countertrade transactions in which United States agricultural commodities are exported in exchange for other commodities or products;

(vi) for overseas sale to obtain foreign currencies to finance overseas trade offices for the use and benefit of United States exporters and commodity groups working to expand exports of United States agricultural commodities; and

(vii) for any other comparable purpose that the Secretary determines appropriate to expand United States agricultural exports and ensure competitiveness in world markets for United States agricultural commodities.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities in any case in which the importation into the United States of a manufactured product made, in whole or in part, from an agricultural commodity provided for export under the program would place domestic users of the agricultural commodity at a competitive disadvantage;

(2) may provide to a United States exporter, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided;

(3) may purchase, through the Commodity Credit Corporation, agricultural commodities for use under the program if Commodity Credit Corporation stocks are insufficient or not available for use under the program;

(4) shall consider for participation in the program all interested foreign purchasers, including those who have traditionally purchased United States agricultural commodities and who continue to purchase such commodities on an annual basis in quantities greater than

the level of purchases in a previous representative period;

(5) shall ensure, insofar as possible, that any use of agricultural commodities made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities; and

(6) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities provided under this section.

(c) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(d) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(e)(1) In carrying out barter and countertrade transactions, as authorized under subsection (a)(3), the Secretary of Agriculture may acquire and hold strategic or other materials that the United States does not domestically produce in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet, giving priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace. Each agency of the United States Government that procures strategic or other materials acquired under any such transaction shall reimburse the Commodity Credit Corporation for such procurement and otherwise cooperate with the Secretary in the conduct of the transaction.

(2) In addition to holding strategic and other materials to which title is acquired under such barter or countertrade transactions, the Secretary may (A) hold in storage strategic and other materials of the sort to which title may be so acquired even though it has not been (and impose a charge for costs incurred in storing such materials), and (B) issue negotiable warehouse receipts for such materials so stored to permit the use of such materials as collateral to secure loans to finance the export of United States agricultural commodities.

(f)(1) Except as otherwise expressly provided in this section, the Secretary of Agriculture shall aggressively administer the program under this section solely to develop and expand exports of United States agricultural commodities and maximize the total dollar return on such exports.

(2) The program under this section shall not be used to expand exports (A) to any country with which the United States does not have full diplomatic relations, except that the

foregoing shall not be construed as preventing the Secretary from carrying out the program with the people of Taiwan under the provisions of the Taiwan Relations Act or (B) to any country against which an embargo on the export of United States agricultural commodities has been imposed by the President under law.

(3) The program under this section shall not be used to promote any goal of foreign policy of the United States other than those goals set forth in paragraph (1).

(g) Not later than March 1 of the second calendar year beginning after the date of the enactment of this Act, the Secretary of Agriculture shall report to Congress on the exports from the United States of agricultural commodities to each foreign country during the calendar years 1979 through 1982 and to each foreign country during the immediately preceding calendar year, and on the exports to each such country during the immediately preceding calendar year of agricultural commodities made available under the program under this section. The report shall also include, for the same time periods, information on exports to each such country of agricultural commodities produced outside the United States that are used for the same or similar purposes as exports of agricultural commodities to such country from the United States. For the purpose of the report, exports shall be listed by kind, value, and quantity, and for exports of agricultural commodities produced outside the United States, the country of origin shall be provided.

(h) The program under this section shall be in operation only during the marketing years for the 1985 through 1989 crops of agricultural commodities produced in the United States.

(i) The Secretary of Agriculture shall issue such regulations as are necessary to implement the provisions of this section, after consultation with the United States Trade Representative, not later than 60 days after the date of enactment of this Act.

(j) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

EXPORT ADVISORY COUNCIL

SEC. 1126. (a) There is established an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on how best to use the agricultural export development and expansion program established under section 1125.

(b) The Export Advisory Council shall be composed of the Secretary of Agriculture, the United States Trade Representative, and 12 other persons selected and appointed as follows:

(1) The Chairman and the ranking minority member of the Committee on Agriculture of the House of Representatives each shall appoint three members to the Council; and the Chairman and the ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate each shall appoint three members to the Council; and

(2) The 12 members so appointed shall be selected from among persons with experience and skills in world trade in agricultural commodities and products thereof.

(c) The members of the Export Advisory Council shall be appointed not later than 60 days after the date of enactment of this Act. A vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(d)(1) Each member of the Export Advisory Council who is not otherwise a fulltime employee of the Federal Government shall receive for each day such member is engaged in the performance of the functions of the Council the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5 of the United States Code.

(2) Each member of the Council shall be reimbursed for actual and necessary travel expenses incurred while away

from such member's home or regular place of business and engaged in the performance of the functions of the Council in the same manner and to the same extent as provided under section 5703 of title 5 of the United States Code.

(e) The Secretary of Agriculture shall chair the Export Advisory Council, except that, in the Secretary's absence, the United States Trade Representative shall chair the Council.

(f) The Export Advisory Council shall meet not less frequently than once every two months. The Council shall review in detail the functioning of the agricultural export development and expansion program under section 1123, including any proposal (whether or not acted on) for use of the program that has been submitted to the Secretary, and make such recommendations for improvements in the operations of the program as the Council deems appropriate.

(g) The Export Advisory Council shall report semiannually to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the state of the program under section 1123 and its operations. Each member of the Council shall have the opportunity to review each such report before its submission to the Committees and to have appended to the report, as an addendum, any comments such member may make on the report or on the operations of the program.

(h) On request of the Export Advisory Council, the Secretary of Agriculture shall furnish the Council with such personnel and support services as are necessary to assist the Council in carrying out its duties and functions.

(i) The term of the Export Advisory Council shall expire at the time that the agricultural export development and expansion program under section 1123 ceases operation.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1127. Section 4(d) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)) is amended by—

(1) in paragraph (1)(A), striking out "three" and inserting in lieu thereof "ten";

(2) in paragraph (2), striking out all that follows "fund" and inserting in lieu thereof the following: "to extend credit for purposes of market development and expansion and to meet credit competition for export sales.";

(3) striking out the second sentence of paragraph (4), and inserting in lieu thereof the following: "All funds received by the Corporation in payment for direct credit extended by the Corporation after September 30, 1985, including interest or other receipts on investments and credit obligations, in financing export sales shall be added to and become a part of such revolving fund.";

(4) striking out "1985" both places it appears in paragraph (6) and inserting in lieu thereof "1990"; and

(5) striking out paragraph (8).

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

SEC. 1128. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended by—

(1) adding at the end of paragraph (1) the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A);

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof the following: "(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof the following:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition, or";

(5) in paragraph (5)—

(A) inserting "through the provision of direct credit" after "subsection"; and

(B) amending paragraph (A) to read as follows:

"(A) Repayment shall be in dollars with interest at a rate determined by the Secretary, except that the Secretary may permit a purchaser to make repayment in other currencies of a portion—not to exceed 10 per centum—of the principal and interest payments under any financing arrangement entered into under paragraph (3)(C), and the Secretary may use such portion of the principal and interest payments for the purpose of developing markets for agricultural products of the United States in the purchaser's country, in cooperation with the private sector."; and

(6) inserting at the end thereof the following:

"(10) The Secretary shall make available for the financing of transactions under this subsection not less than $500,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, of which not less than $150,000,000 shall be available, for each such fiscal year, for financing arrangements entered into under paragraph (3)(C).".

MARKET EXPANSION RESEARCH

SEC. 1129. The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products of such commodities in foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

EXPORT SUBSIDY REPORTS

SEC. 1130. (a) Congress finds that—

(1) aggressive trading practices on the part of foreign competitors are eroding the sales of United States agricultural commodities and the products of such commodities in traditional foreign markets of the United States and are inhibiting the expansion of sales of such commodities and products in other foreign markets;

(2) export subsidies by foreign governments have severely undercut the sale of United States agricultural

commodities and products in Third World country markets; and

(3) accurate, adequate, and current data on the nature and extent of such subsidies have not been readily available to appropriate United States officials or to agricultural sectors in the United States affected by such subsidies.

(b) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually, directly to the Secretary, detailed information documenting the nature and extent of programs in such countries that provide direct government support for the export of agricultural commodities and the products of such commodities. The Secretary shall also require such reports to identify opportunities for the export of United States agricultural commodities and the products of such commodities to the foreign countries in which the officers and employees are stationed.

(c) The Secretary of Agriculture shall compile the information contained in the reports each year and make such information available to Congress and to other interested parties.

CONTRACT SANCTITY

SEC. 1131. It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the International Emergency Economic Powers Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

Subtitle D—Transportation Charges For Waterborne Cargoes of Donated Commodities

LIMITATION ON REQUIREMENTS

SEC. 1141. Section 5 of the Commodity Credit Corporation Charter Act (7 U.S.C. 714d) is amended by adding at the end thereof the following: "Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.".

Subtitle E—Agricultural Imports

CONSULTATIONS ON IMPORT RESTRICTIONS

SEC. 1151. Before relaxing or removing a restriction on the importation of an agricultural commodity into the United States, the authority within the Department of Agriculture proposing that relaxation or removal shall consult with all other appropriate authorities within the Department of Agriculture, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service.

STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

TITLE XII—RESOURCE CONSERVATION

Subtitle A—Conservation of Highly Erodible Land and Wetlands

DEFINITIONS

SEC. 1201. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program, whether referred to as a conservation district, soil conservation district, soil and water conservation district, resource conservation district, natural resource district, land conservation committee, or by any similar name;

(3) the term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence

of hydrophytic vegetation typically adapted for life in saturated soil conditions;

(4) the term "converted wetland"—

(A) means land that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of agricultural commodities possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland, as defined in this section; but

(B) does not include—

(i) artificial lakes or ponds created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation, settling basins, cooling, rice production, or flood control;

(ii) wet areas created by water delivery systems or the application of water for irrigation;

(iii) wetlands on which production of agricultural commodities is possible as a result of natural conditions, such as drought, and without actions by the producer that destroy natural wetland characteristics; or

(iv) wetlands on which such production is possible as a result of actions by the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal, as determined by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior;

(5) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that—

(A) any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of the enactment of this Act and that is not exempt under section 1203 shall be considered as part of the field in which such land was included on that date of enactment; and

(B) the Secretary shall provide for modification of the boundaries of fields to effectuate the purposes and facilitate the practical administration of this subtitle;

(6) the term "highly erodible land" means land—

(A) that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(B) that, if used to produce an agricultural commodity, would have an excessive rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope;

and, for the purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary;

(7) the term "highly erodible cropland" means highly erodible land that is in cropland uses, as determined by the Secretary; and

(8) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND OR CONVERTED WETLAND

SEC. 1202. (a) Except as provided in section 1203 and notwithstanding any other provision of law, following the date of the enactment of this Act any person who in any crop year produces an agricultural commodity on highly erodible land or on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act;

(3) crop insurance under the Federal Crop Insurance Act;

(4) a disaster payment under the Agricultural Act of 1949; or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act or any

other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this section) to produce agricultural commodities.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of landlords, tenants, and sharecroppers. The ineligibility under subsection (a) of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on fields or converted wetlands other than those operated by the tenant or sharecropper.

EXEMPTIONS

SEC. 1203. (a) No person shall become ineligible for program loans, payments, and benefits, as provided under section 1202, as the result of the production of a crop of an agricultural commodity—

(1) except as otherwise provided in section 1205(m), on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities or that was set aside, diverted, or other-

wise not cultivated under provisions of a Department of Agriculture program for any such crops to reduce production of an agricultural commodity;

(2) planted before the date of the enactment of this Act;

(3) planted during any crop year beginning before the date of the enactment of this Act;

(4) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by the conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of an agricultural commodity on highly erodible land;

(5) on highly erodible land that is planted in reliance on the determination by the Soil Conservation Service that the land is not highly erodible land, but the exemption under this paragraph shall not apply to any crop that was planted on any land after the Soil

Conservation Service determines that the land is highly erodible land;

(6) on converted wetland if the land became converted wetland before the date of the enactment of this Act; or

(7) on wetland that became converted wetland—

(A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or

(B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service.

(b) Section 1202 shall not apply to any loan made before the date of the enactment of this Act.

COMPLETION OF SOIL SURVEYS

SEC. 1204. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle, and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 1205. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program, in accordance with this section, of contracts with owners and operators of highly erodible cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. Under the program, the Secretary shall not place under contract more than 25 percent of the cropland in any one county.

(b)(1) To carry out this section, except as otherwise provided in paragraph (2), during the period beginning October 1, 1985, and ending September 30, 1990, the Secretary shall enter into conservation reserve contracts, covering in the aggregate not in excess of 20 million acres of highly erodible land, with owners and operators of highly erodible cropland. Each such contract under this subsection shall be not less than ten years in duration; and in each such contract, the owner and operator shall agree to—

(A) effectuate during the contract period a plan approved by the local conservation district (or, in an area not within a conservation district, a plan approved by the Secretary) or, if the plan involves conversion to trees, a plan approved by the appropriate State forestry agency, for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, forbs, shrubs, or trees, substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(B) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder on the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that the violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(C) on transfer of the owner's or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee agrees with the Secretary to assume all obligations under the contract;

(D) not conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(E) not conduct, during the term of the contract, any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of such trees as Christmas trees is prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract. No contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning (including, but not limited to, thinning that results in commercial pulpwood and fence post harvesting), or stand improvement of trees, on lands converted to forestry use; and

(F) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(2) Notwithstanding any provision of paragraph (1) that is inconsistent with this paragraph, as a part of the program, in addition to the conservation reserve contracts provided for under paragraph (1), the Secretary shall remove up to 5 million additional acres of highly erodible cropland from production through long-term conservative reserve contracts, of up to 10 years in duration, with the owners and operators of such cropland. Contract payments made to the owners and operators of highly erodible cropland under this paragraph shall be made in surplus agricultural commodities held by the Commodity Credit Corporation, except that, if the Secretary determines that sufficient stocks of commodities will not be available or that payment in commodities under this paragraph will have a depressing effect on the market price of such commodities, the Secretary may make such payments in cash.

(c) The plan, as described in subsection (b)(1)(A), for converting highly erodible cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use shall set forth the conservation measures and practices to be installed by the owner or operator during the contract period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(d)(1) In return for such agreement by the owner and operator, the Secretary shall agree to—

(A) provide technical assistance;

(B) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost-sharing is appropriate and in the public interest; and

(C) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner and operator agree to retire permanently.

(2) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage normally planted to program crops placed in the conservation reserve, as determined by the Secretary, shall be made during the period of the contract in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program.

(3) No persons who enter into a contract under this section for a farm or ranch may receive annual rental fees applicable to the farm or ranch under the contract in excess of $50,000 per year. The Secretary shall issue regulations defining the term "persons", as used in this paragraph, and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this paragraph; and the rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

(e) The Secretary shall base the amount of cost-sharing for conservation measures and practices under this section on that part of the total cost thereof that the Secretary determines is necessary and appropriate to effectuate the installation and maintenance of the conservation measures and practices for the normally expected life of the measure or practice.

(f)(1) In determining the amount of annual land rental to be paid for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners and operators of highly erodible cropland to participate in the program under this section. The total amount payable to owners and operators in the form of annual land rental fees under contracts entered into under this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(2) In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted and may, where appropriate, accept contract offers that provide for the establishment of—

(A) shelterbelts and windbreaks; or

(B) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially.

(g) Except as otherwise provided in this section, payments under this section—

(1) shall be made in cash or in commodities in such amount and on such time schedule as agreed on and specified in the contract; and

(2) may be made in advance of determination of performance.

(h) If a person who is entitled to any payment or compensation under this section dies, becomes incompetent, or disappears before receiving the payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide the payment or compensation, in accordance with appropriate regulations and without regard to any other provisions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i)(1) No contract shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program.

(2) Paragraph (1) shall not prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this section, nor require a person to own the land as a condition of eligibility for entering into the contract if the person has operated the land to be covered by a contract under this section for at least three years preceding the date of the contract or since January 1, 1985, whichever is later, and controls the land for the contract period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract under this section by mutual agreement with the owner and operator if the Secretary determines that termination would be in the public interest, or may agree to any modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration, or to be in the public interest.

(l) Notwithstanding section 1202, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

(m) In the event of the termination of a contract under subsection (b)(1)(B) or (k) and on expiration of the term of any contract entered into under subsection (b), the highly erodible cropland that was the subject of such contract shall be considered highly erodible cropland for the purposes of section 1202.

(n) The Secretary may carry out the program under this section through the Commodity Credit Corporation. There are authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by it in accordance with this section and not previously reimbursed.

(o) The Secretary shall consider for inclusion in the program under this section those lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

ADMINISTRATIVE PROVISIONS

SEC. 1206. (a) In addition to the appropriations authorized under section 1205(n), there are hereby authorized to be appropriated such other sums as may be necessary to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, and the technical services of the Soil Conservation Service, the Forest Service, State foresters or equivalent State officials, and conservation districts.

(c) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(d) The Secretary shall, within 180 days after the enactment of this subtitle publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(e) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

Subtitle B—Water Resource Conservation

TECHNICAL ASSISTANCE FOR WATER RESOURCES; REPORTS

SEC. 1211. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate a plan and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) enable property owners to reduce their vulnerability to flood hazards that may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1986, and the fifteenth day of February each year thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate reports evaluating the plan and technical assistance authorized in subsection (a). Each such report shall include any recommendations as to whether the plan and assistance should be extended, and, if so, how they could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

Subtitle C—Soil and Water Resources Conservation Act of 1977

SHORT TITLE

SEC. 1221. This subtitle may be cited as the "Soil and Water Resources Conservation Act Amendments of 1985".

EXTENSION OF THE ACT

SEC. 1222. The Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001 et seq.) is amended by—

(1) amending section 5(d) to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary deems appropriate.";

(2) amending section 6(b) to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.";

(3) amending section 7(a) to read as follows:

"SEC. 7. (a) At the time Congress convenes in 1980, 1986, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 of this Act and completed prior to the end of the previous year. At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 of this Act and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(4) striking out section 7(b) and redesignating section 7(c) as section 7(b); and

(5) amending section 10 to read as follows:

"SEC. 10. The provisions of this Act shall terminate on December 31, 2008.".

TITLE XIII—CREDIT

JOINT OPERATIONS

SEC. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1302. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels, except that the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has—

"(A) a population of 1,500 or fewer inhabitants; and

"(B) a median household income level that does not exceed the higher of—

"(i) the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); or

"(ii) 80 per centum of the statewide nonmetropolitan median household income."; and

(2) adding at the end thereof the following:

"(16)(A) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. The project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by factors to be determined by the Secretary.

"(B) The factors referred to in subparagraph (A) shall include—

"(i) low community median income;

"(ii) low population; and

"(iii) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from inadequate means of disposing of waste.

"(C) The three factors set forth in subparagraph (B) shall—

"(i) be weighted equally; and

"(ii) account for not less than 75 per centum of the total rating points in the project selection system.

"(17)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 2 per centum of those funds.

"(18) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A).

"(19) The Secretary may make grants, aggregating not to exceed $10,000,000 in any fiscal year, to associations described in paragraph (1) of this subsection to test cost-effective methods of meeting the basic needs of rural residents who do not have and cannot afford safe drinking water services. Such grants may include, but are not limited to, financing for—

"(A) costs associated with the development or improvement of individual or small, multiuser drinking water facilities;

"(B) costs associated with enabling such rural residents to connect to community water supply systems, such as the payment of connection fees;

"(C) costs associated with improving the operation, maintenance, or management of small community water systems that are currently unable to provide safe drinking water at affordable rates to such rural residents; or

"(D) costs associated with implementing other alternatives to meeting the basic drinking water needs of such rural residents.

"(20) Notwithstanding any other provision of law, grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program.".

INTEREST RATES—WATER AND WASTE DISPOSAL FACILITY AND COMMUNITY FACILITY LOANS

SEC. 1303. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "where the median family income of the persons to be served by such facility is below the poverty line prescribed by the Office of Management and Budget, as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971(d))" and inserting in lieu thereof "where the median household income of the persons to be served by such facility is below the higher of 80 per centum of the statewide nonmetropolitan median household income or the poverty line established by the Office of Management and Budget, as revised under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facility does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the

loan approval, or (ii) the rate in effect at the time of the loan closing.".

EFFECTIVE DATE OF SECTIONS 1302 AND 1303

SEC. 1304. The amendments made by sections 1302 and 1303 shall become effective on October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) without regard to whether the application for the loan or grant involved was made by the association before that date.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall preclude including, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

RURAL INDUSTRIAL ASSISTANCE

SEC. 1306. Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by—

(1) adding at the end of subsection (a) the following: "No loan may be made, insured, or guaranteed under this subsection that exceeds $25,000,000 in principal amount."; and

(2) effective on October 1, 1986, adding at the end thereof the following:

"(f)(1) The Secretary may make grants under this subsection to public and nonprofit private institutions for the purpose of enabling them to establish and operate centers of rural technology development that have, as a primary objective, the improvement of the economic condition of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of (A) new products that can be produced in rural areas, and (B) new processes that can be used in such production.

"(2) Grants under this subsection shall be made on a competitive basis. In making grants, the Secretary shall give preference to applicants that will establish centers for rural technology in areas that have (A) few industries and agribusinesses, (B) high levels of unemployment, (C) high rates of out-migration of people, business, and industries, and (D) low levels of per capita income.

"(3) The Secretary shall issue regulations implementing this subsection that shall include provisions for the monitoring and evaluation of the rural technology development activities carried out by institutions that receive grants under this subsection.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1307. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture,

and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

(b) Effective with respect to disasters occurring after September 30, 1985, section 329 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1970) is amended by adding at the end thereof the following: "Notwithstanding the third sentence of section 321(a) of this subtitle, eligibility of an applicant for assistance under this subtitle based on production losses shall be determined solely on the basis of the factors designated in this section without regard to the Secretary's failure to designate a county or counties for emergency loan purposes.".

COUNTY COMMITTEES

SEC. 1308. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

USE OF PROCEEDS FROM MINERAL SALES OR LEASES

SEC. 1309. Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended by—

(1) in subsection (d), striking out "and" following the semicolon;

(2) in subsection (e), striking out the period and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(f) with respect to loans made after the date of enactment of this subsection, unless the appraised value of rights to oil, gas, and other minerals is specifically included as part of the appraised value of collateral securing a loan, that a borrower having an outstanding loan made, insured, or held by the Secretary for farm ownership purposes under subtitle A, farm operating purposes under subtitle B, disaster emergency purposes under subtitle C, or economic emergency purposes under the Emergency Agricultural Credit Adjustment Act of 1978, be permitted to use the royalties generated from and any other proceeds under the sale or lease of rights to oil, gas, or other minerals located under the property securing the loan to make prospective scheduled payments on the loan.".

ADMINISTRATION OF FARM REAL ESTATE ACQUIRED BY THE SECRETARY

SEC. 1310. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this title, the Secretary shall administer any real property that is farmland and that is acquired under this title or under the Emergency Agricultural Credit Adjustment Act of 1978 in conformity with the following provisions:

"(A) The Secretary shall not offer for sale or sell any such real property—

"(i) if placing the property on the market will have a detrimental effect on the value of farmland in the area; or

"(ii) in any State or portion of a State identified by the Secretary as having suffered substantial reduction in the average value of farmland since 1980, until such time as such State or portion of the State experiences a period of 12 consecutive months for which the average farmland value therein, at the end of the 12 month period, equals or exceeds the value of the farmland at the beginning of such period.

"(B) The Secretary shall, with respect to any such real property that is offered for sale, make the property available, to the maximum extent practicable, in tracts not larger than those that can be operated efficiently as a family farm, and offer the property on a priority basis to the previous owner and to beginning farmers.

"(C) The Secretary shall, with respect to leasing and operating such real property—

"(i) not lease or operate the real property for the production of agricultural commodities that the Secretary has determined to be in surplus supply and shall devote such real estate to conserving uses; and

"(ii) if the real property is highly erodible cropland, devote that property to conserving uses;

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall—

"(i) offer to lease such real property on a competitive bid basis, giving priority in making awards to the previous owner, family farmers, and beginning farmers; and "(ii) if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(E) The Secretary may lease the property to the previous operator regardless of the restrictions in this paragraph (1), and priority in leasing shall be to the previous owner.

"(2) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

FARM DEBT RESTRUCTURE AND CONSERVATION SET-ASIDE

SEC. 1311. (a) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by striking out "all the interest of the United States, including mineral rights" and inserting in lieu thereof "all the interests of the United States (including mineral rights) other than easements acquired under subsection (f)".

(b) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by adding after the subsection added by section 1310 of this Act the following:

"(f)(1) The Secretary may acquire and retain easements for conservation, recreational, and wildlife purposes for a term of not less than 50 years, in real property that is wetlands, upland, highly erodible land, or any other land determined by the Secretary to be marginal for use as cropland if such real property—

"(A) is determined by the Secretary to be suitable for the purpose involved; and

"(B)(i) is administered under this title by the Secretary; or

"(ii)(I) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary, and the borrower involved is unable, as determined by the Secretary, to repay such loan in a timely manner; and

"(II) was row cropped in each year of the 3-year period ending on the effective date of this subsection.

"(2) The terms and conditions specified in the easement shall—

"(A) specify the uses to which the real property will be put by the owner of the real property (including such borrower and any successor in interest of such borrower);

"(B) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to the real property; and

"(C) require the owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the easement.

"(3) Any easement acquired by the Secretary under this subsection shall be purchased from the borrower involved by cancelling that part of the aggregate amount of the borrower's outstanding loans held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the borrower's outstanding loans held by the Secretary under all such laws as the number of acres of the borrower's real property that are subject to the easement bears to the aggregate number of acres securing such loans.

"(4) The Secretary shall consult with the Director of the Fish and Wildlife Service of the Department of the Interior for purposes of—

"(A) selecting real property in which the Secretary shall acquire easements under this subsection;

"(B) formulating the terms and conditions of those easements; and

"(C) enforcing those easements.

"(5) The Secretary, and any governmental entity or person designated by the Secretary, may enforce an easement acquired under this subsection by the Secretary.

"(6) For purposes of this subsection—

"(A) the term 'governmental entity' means any agency of the United States, of a State, or of a unit of local government of a State;

"(B) the term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of this subsection;

"(C) the term 'recreational uses' includes hunting;

"(D) the term 'wetlands' has the meaning given it in section 3 of the Water Bank Act; and

"(E) the term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981.

"(7) This subsection shall not apply with respect to the cancellation of any part of any loan made after the date of enactment of this subsection.".

(c) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended by—

(1) striking out "perpetual"; and

(2) inserting "for a term of not less than 50 years" after "easements".

(d) Any part of a loan cancelled under section 335(f) of the Consolidated Farm and Rural Development Act shall not be included in income, and shall not have any effect on any tax attribute with respect to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

REAUTHORIZATION

SEC. 1312. Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended by adding at the end thereof the following:

"(f) Notwithstanding the provisions of subsection (a)—

"(1) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Agricultural Credit Insurance Fund as follows:

"(A) real estate loans, $700,000,000, of which $650,000,000 shall be for insured loans and $50,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories;

"(B) operating loans, $3,150,000,000, of which $2,500,000,000 shall be for insured loans and $650,000,000 for guaranteed loans, with authority to transfer 25 per centum of such amounts between categories; and

"(C) emergency loans in amounts necessary to meet the needs resulting from natural disasters. Not less than 25 per centum of the funds that may be used for insured loans for farm ownership purposes and not less than 25 per centum of the funds that may be used for insured loans for farm operating purposes shall be made available for loans to low-income, limited-resource applicants to the extent needed to meet applications filed by such farmers who are eligible for such loans. The Secretary shall inform in writing all applicants for loans for farm ownership and farm operating purposes of the availability of the loan program for low-income, limited-resource borrowers and the general nature of the program; and

"(2) loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(A) Insured water and waste disposal facility loans, $340,000,000.

"(B) Industrial development loans, $250,000,000.

"(C) Insured community facility loans, $115,000,000.".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS; USE OF TALENTS OF OLDER AMERICANS

SEC. 1313. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following:

"SEC. 349. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provision under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.

"SEC. 350. (a) Notwithstanding any other provision of law, the Secretary may make grants to, or enter into cooperative agreements with, private nonprofit organizations designated by the Secretary of Labor under title V of the Older Americans Act of 1965 to use the talents of older Americans in programs authorized by other provisions of this title. Funding for such grants or agreements may be made available from such programs.

"(b) Before awarding any grant or entering into any agreement under subsection (a) of this section, the Secretary shall certify that the grant or agreement will not—

"(1) result in the displacement of individuals currently employed by the agency concerned, including partial displacement through reduction of nonovertime hours, wages, or employment benefits;

"(2) result in the employment of any individual when any other individual is in a layoff status from the same or substantially equivalent job within the jurisdiction of the agency concerned; or

"(3) affect existing contracts for services.

"(c) The Secretary may not award a grant or enter into an agreement under this section unless funding for that grant or agreement is provided in advance in an appropriations Act.".

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1314. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the product, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who—

(A) in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products; and

(B) buys the products in good faith and without knowledge that the sale is in violation of the ownership rights or security interest of a third party in the products;

(2) the term "farm products" means crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, wool-clip, maple syrup, milk, and eggs) that are in the possession of a person engaged in farming operations;

(3) the term "security interest" means an interest in farm products that secures payment or performance of an obligation; and

(4) the term "knows" or "knowledge" means actually knows or actual knowledge.

(d) Notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys farm products from a seller engaged in farming operations shall take free of a security interest created by the seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer of farm products takes subject to a security interest created by the seller if—

(1) within one year before the sale of the farm products the buyer has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the buyer by the secured party as conditions for waiver and release of the security interest; and

(2) the buyer has failed to perform those obligations.

(e) Notwithstanding any other provisions of Federal, State, or local law, a commission merchant or selling agent who sells farm products for others shall not be subject to a security interest created by the seller in such farm products even though the security interest is perfected and even though the commission merchant or selling agent knows of its existence, if the sale is made in the ordinary course of business, except that a commission merchant or selling agent who sells farm products for others shall be subject to a security interest created by the seller in such farm products if—

(1) within one year before the sale of the farm products the commission merchant or selling agent has received from the secured party or the seller written notice of—

(A) the security interest including, but not limited to, the name and address of the secured party and of the seller, and a reasonable description of the property, including the jurisdiction where the property is located; and

(B) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(2) the commission merchant or selling agent has failed to perform those obligations.

(f) A security agreement in which a seller of farm products creates a security interest in another may provide that the seller is obligated to furnish the secured party a list of the persons to whom the seller will sell the products. If a security agreement contains such a provision, the seller shall be subject to the provisions of subsection (g) if the seller sells the farm products collateral to a buyer not included on such a list unless the seller has—

(1) notified the secured party (in writing) of the identity of the buyer at least 7 days before the sale; or

(2) has accounted to the secured party for the proceeds of that sale within 10 days after the sale.

(g) A person violating subsection (f) shall be fined not more than $5,000.

(h) This section shall become effective 30 days after enactment, except that security interests created before the effective date shall be exempt for a period of one year from the provisions of this section.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1315. The Secretary of Agriculture shall not use or require the submission of, in connection with an application submitted on or after the date of the enactment of this Act for any initial or subsequent farmer-type loan under any program of the Department of Agriculture carried out by the

Farmers Home Administration, the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312-51317), or any other form or document in a format substantially similar to the coordinated financial statement.

REGULATORY RESTRAINT

SEC. 1316. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

Division C—Research, Extension, and Teaching

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

SHORT TITLE

Sec. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

Sec. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding, at the end thereof, the following:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs, and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following :

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on our agricultural structure are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D), as redesignated by subparagraph (B) of this paragraph, the following:

"(E) COORDINATION OF THE REGULATORY RESPONSIBILITIES OF THE FEDERAL GOVERNMENT RELATING TO BIOTECHNOLOGY.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) amending subparagraph (F), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the Nation's surface water and groundwater resources;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multi-resource options, and enhance quality of output.";

(F) in subparagraph (G), as redesignated by subparagraph (B) of this paragraph, striking out "to" before "the economy" and striking out "owner-operated" before "family farms";

(G) amending subparagraph (I), as redesignated by subparagraph (B) of this paragraph, to read as follows:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world."; and

(H) striking out "and" at the end thereof;

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following:

"(12) the Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment. A constant source of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) adding "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

COORDINATION OF EFFORTS FOR EFFECTIVE TRANSFER OF NEW TECHNOLOGIES

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10);

(2) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(12) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(d)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

PROJECT TERMINATION

SEC. 1407. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by—

(1) inserting "(a)" after "SEC. 1409."; and

(2) adding at the end thereof the following:

"(b) In the event that a research project being conducted by the Agricultural Research Service is proposed to be terminated, notice in writing of such intended action shall be given to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least fifteen days prior to the date of the proposed termination of the project.".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

SEC. 1408. Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(C) adding at the end thereof the following:

"(4) international agricultural programs under sections 296 through 300 of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a-2220e)."; and

(2) adding at the end thereof the following:

"(d) To promote research for purposes of developing agricultural policy alternatives, the Secretary shall designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary shall designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

SECRETARY'S REPORT

SEC. 1409. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" after the semicolon at the end of paragraph (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

SEC. 1410. (a) Section 2 of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i), is amended by—

(1) in the third sentence of subsection (b)—

(A) in paragraph (2), inserting ", with emphasis on biotechnology," after "(2) research";

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following:

"(7) interdisciplinary agricultural policy research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture; and

"(8) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.";

(2) effective on the later of the date of the enactment of this Act or October 1, 1985, after the fourth sentence of subsection (b), inserting the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.";

(3) effective October 1, 1985, striking out the last sentence in subsection (b) and inserting in lieu thereof the following:

"There are hereby authorized to be appropriated annually, for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990. Four per centum of the amount appropriated for each of such fiscal years to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.";

(4) effective on the later of the date of the enactment of this Act or October 1, 1985, in subsection (c) by adding after the first sentence the following:

"No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.";

(5) effective October 1, 1985, adding at the end of subsection (c) the following:

"Four per centum of the amount appropriated for any fiscal year to carry out this subsection shall be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection."; and

(6) adding at the end thereof the following:

"(i) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281–2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

SEC. 1411. (a) Section 1 of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (hereinafter in this section referred to as the "Act of July 22, 1963) (7 U.S.C. 390), is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of the Act of July 22, 1963 (7 U.S.C. 390a), is amended by striking out "which are to become a part of such buildings".

(c) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b), is amended by—

(1) amending paragraph (1) to read as follows:

"(1) the term 'State' means any one of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) inserting ", forestry, or veterinary medicine" after "to conduct agricultural" in paragraph (2).

(d) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c), is amended by—

(1) effective October 1, 1985, amending subsection (a) to read as follows:

"(a) There are hereby authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2 of this Act, $20,000,000 for each of the fiscal years ending September 30, 1986, September

30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990."; and

(2) amending subsection (b) to read as follows:

"(b) No grant may be made under section 2 of this Act for an amount exceeding 50 per centum of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) Section 5 of the Act of July 22, 1963 (7 U.S.C. 390d), is amended by—

(1) striking out "apportioned" and inserting in lieu thereof "appropriated"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of the Act of July 22, 1963 (7 U.S.C. 390e), is repealed.

(g) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f), is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

(h) Section 8 of the Act of July 22, 1963 (7 U.S.C. 390g), is repealed.

(i)(1) Section 9(a) of the Act of July 22, 1963 (7 U.S.C. 390h(a)), is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of the Act of July 22, 1963 (7 U.S.C. 390h(b)), is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of the Act of July 22, 1963 (7 U.S.C. 390i), is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b) of this Act, from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of the Act of July 22, 1963 (7 U.S.C. 390f, 390h, 390i, 390j), are redesignated as sections 6, 7, 8, and 9, respectively.

(l) The Act of July 22, 1963 (7 U.S.C. 390 et seq.), is amended by adding at the end thereof the following:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in the last sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such a grant is to be used.".

(b) Effective October 1, 1985, section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990.".

STUDY

SEC. 1413. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1424. Study."

and inserting in lieu thereof

"Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1414. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1415. The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1416. The first sentence of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and all that follows through the end of the sentence and inserting in lieu thereof "1990.".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1417. Subsection (a) of section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and all that follows through the end of the subsection and inserting in lieu thereof "1990.".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1418. The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1419. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary deems necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1420. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (a) the following: "No more than 5 per centum of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year."; and

(2) amending subsection (g)(2) to read as follows:

"(2) Whenever it shall appear to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 per centum of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1421. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in paragraph (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1422. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1423. The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational information, techniques, and data; agricultural marketing information, techniques, and data; and agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such committees apprised of the progress and accomplishments, and such other information as the Secretary deems appropriate, with regard to the development of such program.

EVALUATION OF THE EXTENSION SERVICE AND THE COOPERATIVE EXTENSION SERVICES

SEC. 1424. (a) Section 1459 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1459. Evaluation of the Extension Service and the Cooperative Extension Services."

and inserting in lieu thereof

"Sec. 1459. Repealed.".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1425. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1460. Weather and water allocation study."

and inserting in lieu thereof

"Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 1426. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1461. Organic farming study."

and inserting in lieu thereof

"Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1427. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1462. Agricultural research facilities study."

and inserting in lieu thereof

"Sec. 1462. Repealed.".

AUTHORIZATION OF APPROPRIATIONS FOR AGRICULTURAL RESEARCH PROGRAMS

SEC. 1428. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30. 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION OF APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1429. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year", and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1986, $360,000,000 for the fiscal year ending September 30, 1987, $370,000,000 for the fiscal year ending September 30, 1988, $380,000,000 for the fiscal year ending September 30, 1989, and $390,000,000 for the fiscal year ending September 30, 1990".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1430. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following:

"(b) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404(16) of this Act, State departments of agriculture, colleges and universities, other research or educational institutions and organizations, Federal and private agencies and organizations, individuals, or any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1431. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.). For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

DIRECTION OF TECHNOLOGY DEVELOPMENT

SEC. 1432. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting after section 1473 the following new sections 1473A and 1473B:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473A. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Department of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473B. (a) Notwithstanding the provisions of chapter 63 of title 31 of the United States Code, the Secretary may enter into cooperative agreements with private agencies, organizations, and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture.

"(b) Any funds received by the Secretary under cooperative agreements made under subsection (a) shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the cost of such research projects or to supplement appropriations of funds that do or will bear all or part of such cost.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting new items:

"Sec. 1473A. Technology development for small and medium-sized farming operations.
"Sec. 1473B. Special technology development research program."

after the item

"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1433. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.), as amended by section 1432 of this Act, is amended by inserting after section 1473B the following new section:

"PILOT PROGRAM AND TECHNICAL ASSISTANCE TO ESTABLISH SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473C. Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1989, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title. The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes. The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program. The program developed and implemented by the Secretary shall include—

"(1) an examination of the adaptation of supplemental and alternative crops;

"(2) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(3) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(4) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(5) the application of such other resources and expertise as the Secretary deems appropriate to support the program.

The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance to farm owners and operators, marketing cooperatives, and others. The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

(b) The table of contents of the Food and Agriculture Act of 1977, as amended by section 1432 of this Act, is amended by inserting after the item relating to section 1473B the following new item:

"Sec. 1473C. Pilot program and technical assistance to establish supplemental and alternate crops.".

AQUACULTURE ASSISTANCE PROGRAMS

SEC. 1434. Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" at the end of paragraph (3); and

(C) inserting after paragraph (3) the following:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities,", and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)"; and

(4) amending the last sentence of subsection (d) to read as follows:

"Funds made available for the operation of such regional centers may be used for the acquisition or rehabilitation of existing buildings or facilities, or the construction of new buildings or facilities, to house such centers, except that not more than $250,000 may be used for the acquisition or construction of any single building or facility.".

AQUACULTURE ADVISORY BOARD

SEC. 1435. The first sentence of section 1476(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—AQUACULTURE RESEARCH

SEC. 1436. (a) Section 1477(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

(b) Section 1477(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324(b)) is amended by—

(1) striking out the first sentence; and

(2) in the second sentence, striking out "these funds" and inserting in lieu thereof "funds appropriated under subsection (a)".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1437. The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS—RANGELAND RESEARCH

SEC. 1438. Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows down through "subsequent fiscal year", and inserting in lieu thereof "1990".

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1439. (a) There are authorized to be appropriated for fiscal year 1988 and for each succeeding fiscal year such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that the cost of planning any one facility shall not exceed $500,000, and the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is

planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1440. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985", and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1441. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1442. (a) Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

(b) The table of contents of the Agriculture and Food Act of 1981 is amended by striking out

"Sec. 1446. Soybean Research Advisory Institute."

and inserting in lieu thereof

"Sec. 1446. Repealed.".

SMITH-LEVER ACT

SEC. 1443. (a) Section 2 of the Act entitled "An Act to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an Act of Congress approved July second, eighteen hundred and sixty-two, and Acts supplementary thereto, and the United States Department of Agriculture", approved

May 8, 1914 (hereinafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343)is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and may enter into cooperative agreements with private nonprofit and profit organizations and individuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and may provide matching funds in an amount not greater than 50 per centum of such contributions.

"(3) Notwithstanding any other provision of law, beginning with the fiscal year ending September 30, 1986, and for each fiscal year thereafter through the fiscal year ending September 30, 1991, not more than one-half of one per centum of the funds appropriated to the Federal Extension Service for such fiscal year may be used to provide matching funds in accordance with paragraph (2).

"(4) Not later than one year after the date of the enactment of the Food Security Act of 1985, the Secretary shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of such programs and shall make recommendations to the committees regarding how other similar private sector initiatives could be used by the Federal Extension Service.".

(c) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(1) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act; and

(2) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in fiscal year 1985;

can be allocated more effectively among the States. Not later than one year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall take effect on October 1, 1985.

PESTICIDE RESISTANCE STUDY

SEC. 1444. The Secretary of Agriculture shall conduct a study on the detection and management of pesticide resistance and, within one year after the date of enactment of this Act, submit to the President and Congress a report on this study. The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

DIETARY ASSESSMENT AND STUDIES

SEC. 1445. (a)(1) The Secretary of Agriculture shall conduct an assessment of existing scientific literature regarding the relationship, if any, between dietary cholesterol and blood cholesterol. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to dietary and blood cholesterol in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol and conduct a feasibility assessment for a definitive study by the Department of Agriculture on the relationship between dietary and serum cholesterol. Such study shall be conducted under the supervision and coordination of the Department of Agriculture with such assistance from other agencies of government as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the findings under paragraphs (1) and (2) not later than one year after date of the enactment of this Act. Such report shall contain a final report on the assessment of existing research and literature required under paragraph (1) and a detailed protocol and plan for implementation of the study mandated under paragraph (2). The report shall contain a budget estimate and timetable for conduct and completion of the study provided for in paragraph (2).

(b)(1) The Secretary of Agriculture shall conduct an assessment of existing research and literature with regard to dietary calcium and its importance as a nutrient. The Secretary shall consult with all agencies of the Federal Government that are involved in research relating to calcium in conducting the assessment. The assessment, to the extent practicable, shall summarize and evaluate all existing literature on this subject.

(2) The Secretary shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion. The study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health and maintenance of skeletal integrity as well as in the regulation of hypertension. The study shall be conducted under the supervision and coordination of the Department of Agriculture, with such assistance from other agencies of government and private sector organizations as the Secretary may deem appropriate.

(3) The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the Secretary's findings under paragraphs (1) and (2) not later than one year after the date of the enactment of this Act. Such report shall contain an assessment of existing research and literature required by paragraph (1) and a detailed protocol and plan for implementation of the study required by paragraph (2). The report shall contain a budget estimate and timetable for conducting and completing the study required by paragraph (2).

NUTRITION RESEARCH

SEC. 1446. (a) Congress, by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, (1) in section 1421 of such Act, found that nutrition and health considerations are important factors in the agricultural policy of the United States; (2) in section 1405 of such Act, designated the Department of Agriculture as the lead agency of the Federal Government for human nutrition research, except with respect to the biomedical aspects of nutrition research concerned with diagnosis for treatment of disease; and (3) in section 1423 of such Act, required the Secretary of Agriculture to establish research in food and human nutrition as a separate and distinct mission of the Department of Agriculture.

(b) Congress acknowledges that the Secretary of Agriculture has established a nutrition education program and reaffirms its belief that nutrition research continues to have a vital role in agricultural production.

(c) Not later than one year after the date of the enactment of this Act, the Secretary of Agriculture shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program. The plan shall include, but not be limited to, recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan. The Secretary shall thereafter submit an annual report to the Congress on the human nutrition research activities of the Department of Agriculture.

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

SEC. 1447. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following:

"(f) SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS.—(1) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Such programs shall consist of educational and counseling services to farmers to assess human and nonhuman resources, assess income earning alternatives, identify resources and opportunities available to the farmer in the local community, county, and State, implement financial planning and management strategies, and provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills. The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending three years thereafter.".

(b) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears therein.

ANNUAL REPORT ON FAMILY FARMS

SEC. 1448. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266) is amended by—

(1) redesignating clause (3) as clause (5); and

(2) in clause (2), striking out "Federal" and all that follows through the end of the clause, and inserting in lieu thereof the following:

"current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and nonfamily farm owners and operators, both foreign and domestic, (3) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on (A) the economic structure of the family farm system, (B) the competitive status of domestically-produced agricultural commodities and foods in foreign markets, and (C) the achievement of Federal agricultural program objectives, (4) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system, and".

Division D—Food Assistance Programs

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

ELIGIBILITY OF THE HOMELESS

SEC. 1501. (a) The first sentence of section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended by—

(1) in clause (1), after "consumption", inserting "(or in the case of an individual who does not reside in a permanent dwelling or who has no fixed address, for such individual's consumption)"; and

(2) in clause (2), after "consumption" both places it appears, inserting "(or in the case of individuals who do not reside in permanent dwellings or who have no fixed addresses, for such individuals' consumption)".

(b) Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended by—

(1) striking out the semicolon at the end and inserting a period in lieu thereof; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households who do not

reside in permanent dwellings or who have no fixed addresses, and shall take steps to ensure that such method limits participation in the food stamp program to eligible households.".

DETERMINATION OF FOOD SALES VOLUME

SEC. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

SEC. 1503. Section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by—

(1) striking out "fifty-four" in the first sentence and inserting in lieu thereof "fifty";

(2) striking out "and" at the end of clause (7) of the second sentence;

(3) in clause (8) of the second sentence—

(A) striking out "and each October 1 thereafter,"; and

(B) inserting after "June 30" the following: "and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30,"; and

(4) inserting before the proviso at the end of the second sentence the following: ", and (9) on October 1, 1986, and each October 1 thereafter, using the actual cost of the thrifty food plan as of September 30 of the previous calendar year as the base, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the nine months ending the preceding June 30 and the Secretary's best estimate as to further changes in such cost occurring during the three-month period following June 30, and round the result to the nearest lower dollar increment for each household size".

DEFINITIONS OF THE DISABLED

SEC. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

SEC. 1505. Effective October 1, 1987, section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that

State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting after the first sentence in subsection (a) the following: "Notwithstanding any other provisions of this Act, except sections 6(b) and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, ~~or~~ aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program."; and

(2) striking out subsection (j).

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

EXCLUDED INCOME

SEC. 1508. (a) Effective October 1, 1985, section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended by—

(1) inserting "except as provided in subsection (j)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "and no portion of any Federal educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory school fees," before "shall be considered such reimbursement" in the proviso of clause (5);

(4) inserting ", but household income that otherwise is included under this subection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Effective October 1, 1985, section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by adding at the end thereof the following:

"(j) Assistance provided to a third party on behalf of a household for living expenses by a State or local government in place of a regular benefit payable directly to the household under title IV of the Social Security Act or a State or local general assistance program (but excluding medical, child care, energy, and emergency or special assistance) shall be treated as money payable directly to the household.

"(k) Notwithstanding the provisions of section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 205(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp program.".

DEDUCTIONS FROM INCOME

Sec. 1509. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective October 1, 1985, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) amending the fourth sentence by—

(A) effective October 1, 1985—

(i) inserting ", excluding expenses paid on behalf of the household under the Low Income Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (2);

(ii) amending the proviso to clause (2) to read as follows: ": *Provided,* That the amount of such excess shelter expense deduction shall not exceed $155 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $260, $215, $180, and $110 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,"; and

(iii) amending clause (3) to read as follows:

"(3) a deduction combining the dependent care and excess shelter expense deductions under clauses (1) and (2), the maximum allowable level of which shall not exceed the maximum allowable deduction under clause (2)";

(B) effective October 1, 1986—

(i) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160";

(ii) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(iii) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "A State agency may use one or more standard utility allowances for households on behalf of which a payment is made under the Low Income Home Energy Assistance Act (42 U.S.C. 8621, et seq.) but who also incur out-of-pocket heating or cooling expenses. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to two additional times during each twelve-month period."; and

(5) effective October 1, 1985, in the last sentence—

(A) striking out "$35 a month" in clause (A) and inserting in lieu thereof "the lesser of $35 a month or 5 per centum of monthly household income after any exclusions and before any deductions provided for in this section"; and

(B) inserting ", excluding expenses paid on behalf of the household under the Low Income

Home Energy Assistance Act (42 U.S.C. 8621 et seq.)," after "by a household for shelter" in clause (C).

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1510. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).",

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other

than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

SEC. 1511. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective October 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,250, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,500"; and

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles";

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(C) inserting after "$4,500," the following: "except that the Secretary shall, on October 1, 1986, and on each October 1 thereafter, adjust such amount to reflect changes in the Consumer Price Index for All Urban Consumers, United States city average, for used cars (base year 1967 = 100), published by the Bureau of Labor Statistics, for the twelve months ending the preceding June 30, and round the result to the nearest $100 increment, but such amount, as adjusted, may not exceed $5,500,".

DISASTER TASK FORCE

SEC. 1512. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) send members of the Task Force to the disaster area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

SEC. 1513. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) striking out all that follows "(iii)" through "days; (iv)"; and

(C) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of eighteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall

no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) inserting at the end of clause (2) of subsection (e) the following: "except for individuals who are assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,";

(4) striking out subclause (C) of clause (3) of subsection (e) and redesignating subclauses (D) and (E) thereof as subclauses (C) and (D), respectively; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D); and

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1514. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), as amended by section 1513(1) of this Act, is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows:

"(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Each State agency shall implement an employment and training program designed by the State agency for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment. For purposes of this Act, an 'employment and training program' means a program that contains, at the option of the State agency, one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs

(A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that a State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed under such programs to move promptly into regular public or private employment. The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs.

Employment or training experience assignments shall be limited to projects that serve a useful public purpose in fields such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of the participating member shall be used in making appropriate employment experience assignments. An employment or training experience program established under this clause shall—

"(I) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program;

"(II) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(III) reimburse participants for actual costs of transportation and other actual costs that are reasonably necessary and directly related to participation in the program, but not to exceed $25 in the aggregate per month.

"(iv) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(B)(i) The State agency may provide that participation in an employment and training program may supplement or supplant other requirements imposed on those subject to the program.

"(ii) Each State agency shall exempt from any requirement for participation in any program under this paragraph categories of household members to which the State agency determines that the application of such participation requirement is impracticable as applied to such categories due to factors such as, but not limited to, the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a determination, the State agency may designate a category consisting of all such household members residing in a specified area of the State. The State agency shall also exempt or suspend from such participation requirement individual household members not included in any such category but with respect to whom it determines that such participation is impracticable because of personal circumstances such as, but not limited to, lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care. The State agency shall determine the extent to which any individual must fulfill the requirements of this paragraph.

"(iii) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any other program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938. The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(iv) Each State agency shall establish requirements, determined by the State agency to be appropriate, for participation by individuals not exempt under clause (ii) in one or more employment and training programs under this paragraph (which requirements may vary among participants), but may operate programs under this paragraph in which individuals elect to participate. The State agency shall permit individuals not subject to the requirements described in the preceding sentence or who have complied, or are in the process of complying, with such requirements to participate in any progam under this paragraph.

"(v) The Secretary shall promulgate guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(vi) A State agency shall reimburse participants for transportation costs and other expenses incurred by participants in the employment and training program, except that the State agency may limit such reimbursement to each participant to $25 per month.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and "; and

(3) adding at the end thereof the following:

"(22) the manner in which the State agency will carry out the employment and training program under section 6(d)(4).".

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989, and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the limitation in paragraph (3).

"(3) The Secretary shall reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably incurred by participants in the employment and training program, except that such total amount shall not exceed an amount representing $25 per participant per month.

"(4) The Secretary shall monitor the employment and training programs carried out by State agencies under section

6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs. The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

STAGGERING OF COUPON ISSUANCE

SEC. 1515. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: *Provided*, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than thirty-five days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the later of five working days after the beginning of the following month or five working days after verification procedures are completed.".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1516. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1517. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1518. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1517 of this Act, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

PUBLIC INFORMATION

SEC. 1519. (a) Section 11(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(1)) is amended by inserting, after "funds provided under this Act", the following: "except for activities, implemented at the discretion of the State agency, that provide program information (including program eligibility and benefit guidelines) to unemployed, disabled, or elderly persons who apply, or may be eligible, for participation in the program".

(b) The first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "and (4) fair hearings" and inserting in lieu thereof "(4) fair hearings, and (5) activities providing program information to unemployed, disabled, or elderly persons".

OFFICE HOURS

SEC. 1520. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1501(c) of this Act, is amended by adding at the end thereof the following: "The State agency shall assess, from time to time, the need for operating food stamp offices within the State during evening and weekend hours;".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1521. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1522. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and shall be provided with a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Servićs to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1523. Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a bona fide purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

SEC. 1524. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A) of subsection (d), inserting before the period at the end thereof the following: "less any amount the payment of which is waived under paragraph (6) and less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding, at the end of subsection (d), the following:

"(6)(A) The Secretary, at the request of a State agency, shall waive the payment of a portion—not more than 15 per centum—of a claim, asserted against the State for a fiscal year under paragraphs (2) and (3), equal to the amount that the State agency shows it will devote to the planning, design, development, installation, or expansion of automatic data processing, computerized information, or related systems, or to other administrative efforts, designed to reduce payment error rates and approved by the Secretary. To obtain such waiver, the State agency must show, to the satisfaction of the Secretary, that (i) the systems or administrative efforts on which the request for a waiver is based are in addition to systems or administrative efforts that are already in place or part of an existing plan for the State agency, and (ii) such systems or administrative efforts can reasonably be expected to improve the management, integrity, or efficiency of the food stamp program operated by the State agency.

"(B) Amounts used for systems or administrative efforts as a result of a waiver of a claim under this paragraph may not be credited by the State agency as its share of the costs incurred for data and information systems under the cost-sharing programs provided for in subsections (a) and (g).

"(C) If a proposed system or administrative effort on which a waiver of a claim under this paragraph is based is not implemented within six months after a target date for implementation agreed on by the Secretary and the State agency, the Secretary shall terminate the waiver unless the Secretary determines that there is good cause for the State agency's failure to implement the system or administrative effort (including good faith efforts to implement the system or administrative effort) in a timely manner, and, on such termination, the State agency shall again become liable for full payment of the claim under paragraphs (2) and (3).

"(7) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, except with respect to the portion of such payment that is waived under paragraph (6), and, as applicable, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year."; and

(3) in subsection (g), inserting "(or in the case of State agencies that submit plans that satisfy the elements of the model automation and computerization

plan under section 11(o), as determined by the Secretary, 90 per centum)" after "75 per centum".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1) The Secretary shall develop, after consultation with and with the assistance of an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than December 1, 1986. The elements of the plan shall include, but not be limited to, intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting.

"(2) Not later than April 1, 1987, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program. Such report shall include, for each State, an analysis of additional steps needed for the State to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(3) Based on the Secretary's findings in any of the reports submitted under paragraph (2), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.".

(c) The first sentence of section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by inserting "the automation or computerization requirements imposed on the State agency under subsection (o)(3) of this section," after "pursuant to subsection (d) of this section,".

PILOT PROJECTS

SEC. 1525. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "October 1, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 (7 U.S.C. 2026(d)) is amended by adding at the end thereof the following: "On the request of a State or political subdivision in which a pilot project is conducted under this subsection, the Secretary shall continue the project beyond any initial term established by the Secretary if the Secretary finds that the project has a beneficial effect on program administrative costs and error rates and the continuation of the project will not result in undue added program costs.".

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

SEC. 1526. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropriated not in excess of $13,584,000,000 for the fiscal year ending September 30, 1986; not in excess of $14,369,000,000 for the fiscal year ending September 30, 1987; not in excess of $15,276,000,000 for the fiscal year ending September 30, 1988; not in excess of $16,142,000,000 for the fiscal year ending September 30, 1989; and not in excess of $16,985,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

PUERTO RICO BLOCK GRANT

SEC. 1527. Effective October 1, 1985, section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $862,000,000 for the fiscal year ending September 30, 1987, $898,000,000 for the fiscal year ending September 30, 1988, $936,000,000 for the fiscal year ending September 30, 1989, and $974,000,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A);

(3) striking out the comma after "needy persons" and all that follows in subsection (a)(1)(A), and inserting in lieu thereof a period;

(4) striking out "and 50 per centum of the related administrative expenses" in subsection (a)(1)(B) and inserting in lieu thereof "and related administrative expenses"; and

(5) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

FEASIBILITY STUDY

SEC. 1528. The Secretary of Agriculture shall conduct a study to determine the feasibility of extending the food stamp program under the Food Stamp Act of 1977 to American Samoa. The Secretary shall complete the study and submit a report of the study to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than April 1, 1986. In conducting the study, the Secretary shall—

(1) determine the various demographic and economic circumstances of the people of American Samoa; and

(2) analyze the features of the food stamp program under the Food Stamp Act of 1977, and the regulations issued thereunder, including benefit, eligibility, and administrative rules, that would have to be revised, with respect to American Samoa, to ensure that the program would operate efficiently and effectively in light of circumstances peculiar to American Samoa.

COMMODITY DISTRIBUTION PROGRAMS

SEC. 1529. (a) Effective October 1, 1985, section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Effective October 1, 1985, section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990";

(3) redesignating clause (2) as clause (5); and

(4) inserting after clause (1) the following:

"(2) shall permit local agencies administering the commodity supplemental food program, at their option, to provide supplemental commodities, furnished under the program, to low-income elderly persons under terms and conditions that the Secretary by regulation shall prescribe to ensure that (A) the provision of assistance under this clause does not serve to restrict the provision of assistance under the program to women, infants, and children eligible for such assistance, and (B) local agencies do not terminate or reduce commodity assistance to women, infants, and children to provide assistance to the elderly; (3) shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for that fiscal year and without reducing actual participation levels (including participation of elderly persons under clause (2)) in areas in which the program is in effect; (4) shall provide information on the program and its application procedures to agencies that could operate the program and that are located in areas covered neither by the program nor by the special supplemental food program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966;".

(c) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(d) Effective October 1, 1985—

(1) section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (5) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note), as so redesignated by subsection (b)(1), is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary of State and local agencies that are provided without charge or credit for distribution to program participants".

TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

Subtitle A—Amendments to the Temporary Emergency Food Assistance Act of 1983

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

SEC. 1601. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following:

"(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations' ".

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

SEC. 1602. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPEAL OF PROVISIONS RELATING TO PROCESSING AGREEMENTS

SEC. 1603. (a) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note), is repealed.

(b) Section 203B(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "and to private companies that process such commodities for eligible recipient agencies under sections 203 and 203A of this Act".

STATE COOPERATION

SEC. 1604. Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

REPORT ON COMMODITY DISPLACEMENT

SEC. 1605. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

SEC. 1606. Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States in the same manner as the original allocations were made.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.".

REAUTHORIZATIONS

Sec. 1607. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof "as early as feasible but not later than the beginning of each of the fiscal years ending September 30, 1985, September 30, 1986, and September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources, and the effect that sanctions could have on the ability of such organizations to meet the food needs of low-income populations.".

PROGRAM TERMINATION

SEC. 1608. Section 212 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

REPORT

SEC. 1609. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle B—Commodity Distribution Amendments

DISTRIBUTION OF SURPLUS COMMODITIES; PROCESSING AGREEMENTS

SEC. 1611. Effective October 1, 1985, section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) in the first sentence, inserting "(including, but not limited to, cheese, nonfat dry milk, and wheat)" after "commodities" the first place it appears; and

(3) adding, at the end thereof, the following:

"(2)(A) Effective through September 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

TITLE XVII—NUTRITION PROGRAMS

Subtitle A—Food, Nutrition, and Consumer Education

FINDINGS

SEC. 1701. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should greater access to nutrition and consumer education to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1702. The purpose of the program provided for under section 1703 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1703. The cooperative extension services of the States shall, with funds made available under this title, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1702. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1702; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1704. (a) The program provided for under section 1703 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this title with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the program provided for under section 1703.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1705. (a) There are hereby authorized to be appropriated to to carry out this title $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out this title shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

Subtitle B—Nutrition Monitoring

SURVEY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1711. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

Division E—Miscellaneous

TITLE XVIII—MISCELLANEOUS

Subtitle A—Processing, Inspection, and Labelling

EGG PROCESSING

SEC. 1801. Section 8 of the Eggs Products Inspection Act (21 U.S.C. 1037) is amended by—

(1) redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) inserting after subsection (c) the following:

"(d) No person shall process, for commerce, any eggs for human food in any manner that—

"(1) does not allow examination of the content of individuals eggs being processed; and

"(2) allows egg content to commingle with the egg shell or shell membrane during processing.".

INSPECTION AND OTHER STANDARDS FOR IMPORTED POULTRY PRODUCTS

SEC. 1802. (a) Section 18 of the Poultry Products Inspection Act (21 U.S.C. 465) is amended by adding at the end thereof the following:

"(d) Notwithstanding any other provision of law, all poultry or poultry products capable of use as human food, offered for importation into the United States, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported poultry articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary.".

(b) This section shall take effect six months after the date of enactment of this Act.

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

SEC. 1803. Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following:

"Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat articles shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United

States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards.".

EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1804. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemical and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted

from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(e) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

Subtitle B—Beef Promotion and Research Act of 1985

AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

SEC. 1811. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901-2918) are amended to read as follows:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

"SEC. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act—

"(1) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(2) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(3) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(4) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(5) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(6) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(7) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(8) the term 'cattle' means live domesticated bovine animals regardless of age;

"(9) the term 'beef' means flesh of cattle;

"(10) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(11) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(12) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(13) the term 'United States' means the several States and the District of Columbia;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'Secretary' means the Secretary of Agriculture; and

"(16) the term 'Department' means the Department of Agriculture.

"ISSUANCE OF ORDERS

"SEC. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

"REQUIRED TERMS IN ORDERS

"SEC. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each unit that includes a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. If there are units that do not have total cattle inventories equal to or greater than five hundred thousand head, such units shall be combined and provided collective representation on the Board. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Secretary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee. The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval. The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee shall use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds, except that staff of industry organizations may not receive compensation from the Board, but shall be reimbursed for their reasonable expenses incurred in performing their duties on behalf of the Committee.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry information. Any such contract or agreement shall provide that—

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurate records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to—

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments. The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevant may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit—

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall, on conviction, be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"CERTIFICATION OF ORGANIZATIONS TO NOMINATE

"SEC. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determination as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meets all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"REQUIREMENT OF REFERENDUM

"SEC. 7. (a) During the twenty-fourth month following implementation of the order issued under this Act, unless the Board recommends an earlier date, in which event such earlier date shall be used, the Secretary shall conduct a referendum among cattle producers who, during a representative period as determined by the Secretary, have been engaged in the production of cattle for the purpose of ascertaining whether the order shall be continued. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"ENFORCEMENT

"SEC. 8. The Secretary may issue orders to restrain or prevent any person from violating the order issued under section 4(b), or regulation issued thereunder, and may assess a civil penalty of not more than $1,000 for violation of the order issued under section 4(b), following an opportunity for an administrative hearing on the record, whenever the Secretary believes that the administration and enforcement of this Act and the order would be adequately served by such procedure. The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the order or any regulation made or issued under this Act. Any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

"SEC. 9. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

"ADMINISTRATIVE PROVISIONS

"SEC. 10. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act.".

(c) The amendments made by this section shall take effect on October 1, 1985.

Subtitle C—Pork Promotion, Research, and Consumer Information Act of 1985

SHORT TITLE

SEC. 1821. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 1822. (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States, because pork and pork products are produced by thousands of producers, organized in a federation by county, State, and national associations that include many small and medium-sized producers, and because pork and pork products are consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets and development of new markets for pork and pork products are vital to the welfare of pork producers and those concerned with producing and marketing pork and pork products, as well as to the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce, and pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(6) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States, replacing domestic pork and pork products in normal channels of trade.

(b)(1) It is, therefore, the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through an adequate assessment, an effective and coordinated program of promotion, research, and consumer information designed to strengthen the position of the pork industry in the marketplace and to maintain, develop, and expand markets for pork and pork products. Such procedure shall be implemented and such program shall be conducted at no cost to the Government of the United States.

(2) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products, or

(C) otherwise limit the right of the individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 1823. For purposes of this subtitle—

(1) the term "porcine animals" means swine raised for slaughter, feeder pigs, or seedstock;

(2) the term "pork" means the flesh of porcine animals;

(3) the term "pork products" means products produced or processed in whole or in part from pork;

(4) the term "Secretary" means the Secretary of Agriculture;

(5) the term "person" means any individual, group of individuals, partnership, corporation, association, organization, cooperative, or any other entity;

(6) the term "pork producer" means any person who produces porcine animals in the United States for sale in commerce;

(7) the term "importer" means any person who imports porcine animals, pork, or pork products into the United States;

(8) the term "promotion" means any action, including paid advertising, to present a favorable image for porcine animals, pork, or pork products to the public with the express intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products;

(9) the term "research" means any type of research designed to advance, expand, or improve the image, desirability, nutritional values, usage, marketability, production, or quality of porcine animals, pork, or pork products as well as any dissemination to any person of the results of such research;

(10) the term "consumer information" means activities intended to broaden the understanding of sound nutritional principles as they relate to pork and pork products, including the role of pork and pork products in a balanced, healthy diet;

(11) the term "marketing" means the sale or other disposition in commerce of pork or pork products;

(12) the term "Delegate Body" means the National Pork Producers Delegate Body provided for under section 1827(b) of this subtitle;

(13) the term "Board" means the National Pork Producers Board of Directors provided for under section 1827(c) of this subtitle;

(14) the term "Committee" means the National Pork Producers Executive Committee provided for under section 1827(d) of this subtitle;

(15) the term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1826;

(16) the term "State association" means the organization of pork producers in a State that is generally recognized as representing the pork producers of that State;

(17) the term "State" means any of the 50 States; and

(18) the term "gross amount of checkoff" means the total amount of assessment collected throughout the United States under section 1827(g) in any applicable period of time.

PORK AND PORK PRODUCTS ORDER

SEC. 1824. To effectuate the declared policy of this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, may amend orders applicable to persons engaged in the production and sale of pork and pork products in the United States. Not more than one order shall be in effect at any given time. Each order issued under this section shall become effective not more than 90 days following the publication of such order.

NOTICE AND HEARING

SEC. 1825. During the period beginning on the date of enactment of this Act and ending 30 days after receipt of a proposal for an initial order submitted by any person who might be affected by this subtitle, the Secretary shall publish the proposed order and give due notice of and opportunity for a hearing on the proposed order.

FINDINGS AND ISSUANCE OF AN ORDER

SEC. 1826. After notice of and opportunity for a hearing has been provided in accordance with section 1825, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that, on the evidence introduced at such hearing, the issuance of the order and all the terms and conditions thereof will assist in carrying out the purpose of this subtitle.

REQUIRED TERMS AND CONDITIONS IN ORDERS

SEC. 1827. (a) Any order issued by the Secretary under this subtitle shall contain the terms and conditions described in this section and, except as provided in section 1828, no others.

(b)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days of the effective date of the order, of a National Pork Producers Delegate Body, which shall consist of one or more members from each State. Nominations of members of the Delegate Body shall be submitted by each State association. Each State entitled to only one Delegate Body member may nominate an alternate who may attend Delegate Body meetings, but who shall serve only when the member is absent from a meeting. If a State association does not submit nominations, or there is no State association in a State, the Secretary may provide for nominations from that State to be made in a different manner.

(2) Members of the Delegate Body shall serve for a term of one year.

(3) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote. At every annual meeting thereafter, the Chairman of the Delegate Body shall be the President of the Committee provided for in subsection (d).

(4) The members of the Delegate Body shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body.

(5) The Delegate Body shall nominate 11 pork producer members for appointment to the Committee from among the members of the Board provided for in subsection (c) and shall submit such nominations to the Secretary. The Delegate Body shall meet annually to make such nominations. A majority of the Delegate Body shall vote in person to nominate members to the Committee.

(c)(1) The order shall provide for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function shall be to serve as liaison between the State associations and the Committee and to counsel with and advise the Committee on policy matters. The Board shall consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided for by the Secretary.

(2) Members of the Board shall serve for 3-year terms, with no member serving more than two consecutive 3-years

terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Chairman of the Board shall be the President of the Committee provided for in subsection (d)(3).

(4) The members of the Board shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

(d)(1) The order shall provide for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee consisting of pork producers from among the members of the Board from nominations submitted to the Secretary by the Delegate Body in accordance with subsection (b)(5).

(2) Members of the Committee shall serve for 3-year terms with no member serving more than two consecutive 3-year terms, except that initial appointments to the Committee shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

(3) The Committee shall select its President by a majority vote.

(4) A majority of the members of the Committee shall constitute a quorum at any meeting of the Committee, and a majority of votes cast at any meeting at which a quorum is present shall determine any motion or election.

(5) Members of the Committee shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee.

(6) The powers and duties of the Committee shall be to—

(A) develop on its own initiative, as well as to receive from other persons, proposals for promotion, research, and consumer information plans or projects and submit to the Secretary for approval any such plans or projects. Each plan or project must be approved by the Secretary before becoming effective;

(B) administer the order in accordance with its terms and provisions and consistent with the provision of this subtitle;

(C) prescribe rules and regulations to effectuate the terms and provisions of the order;

(D) receive, investigate, and report to the Secretary, complaints of violations of the order,

(E) make recommendations to the Secretary with respect to amendments that should be made to the order; and

(F) employ a staff and conduct routine business.

(e) The order shall provide that the Committee shall prepare and submit to the Secretary, for the Secretary's approval, budgets (on a fiscal period basis) of its anticipated expenses and disbursements in the administration of the order, including projected costs of pork and pork products promotion, research, and consumer information plans or projects.

(f) The order shall provide that the Committee, with the approval of the Secretary, may enter into contracts or agreements with any person for the development and conduct of the activities authorized under the order and for the payment of the cost thereof with funds collected through assessments under the order. Any such contract or agreement shall provide that—

(1) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shall show the estimated costs to be incurred from the plan or project;

(2) any such plan or project shall become effective on the approval of the Secretary; and

(3) the person entering the contract or agreement shall keep accurate records of all of its transactions and make periodic reports to the Committee of the activities it has conducted and accounting for funds received and expended, and such other reports as the Secretary or the Committee may require.

(g) The order shall provide that, in the manner prescribed by the order—

(1) each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States; and

(2) each importer with respect to imported porcine animals, pork, and pork products;

shall pay an assessment to the Committee, unless such person or importer proves that an assesssment was previously paid under this subtitle by any person with respect to such porcine animals, pork, or pork products. The rate of assessment prescribed by the initial order shall be three-tenths of one per centum of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. In orders issued after the initial order, the rate of assessment may be increased pursuant to a majority vote of the Delegate Body. No such increase may exceed one-tenth of one per centum of the market value and the rate of assessment may not exceed five-tenths of one per centum unless the Delegate Body, after the initial referendum called for in section 1829(a), recommends additional increases in the rate of assessment in any amount it determines and such additional increases are approved in a mandatory referendum conducted under section 1830(b).

(h) The order shall provide that funds collected by the Committee from the assessments shall be distributed in the following manner:

(1) Each State association that is operating a State pork promotion program under State law or on a voluntary basis as of the date of enactment of this Act shall receive an amount equal to the product of the gross amount of checkoff and the percentage applicable to such State association determined by the Delegate Body, to use for the purposes described in paragraph (3)(A) and for the administrative expenses of such association.

(2) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount equal to 60 per centum of the gross amount of checkoff, to use for the purposes described in para-

graph (3)(A) and for the administrative expenses of that organization.

(3) The Committee shall retain the remaining funds for use in—

(A) financing promotion, research, and consumer information plans or projects in accordance with this section;

(B) expenses for the administration, maintenance, and functioning of the Committee as may be authorized by the Secretary;

(C) accumulation of reasonable reserve funds to permit an effective promotion, research, and consumer information program to continue in years when the assessment income may be reduced; and

(D) administrative costs incurred by the Secretary to carry out this subtitle after an order has been promulgated under this subtitle, including any expenses incurred for the conduct of referenda under this subtitle.

(i) The order shall provide that no promotion funded with assessments collected under this subtitle may make any false or misleading claims on behalf of pork or pork products or false or misleading statements with respect to the attributes or use of any competing product.

(j) The order shall provide that no funds collected through assessments may be used, in any manner, for the purpose of influencing legislation as defined in subsections (d) and (e)(2) of section 4911 of the Internal Revenue Code of 1954.

(k) The order shall provide that the Committee shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be required by the Secretary for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and shall cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(l) The order shall provide that the Committee, with the approval of the Secretary, may invest, pending disbursement under a plan or project, funds collected through assessments only in obligations of the United States, or of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 1828. (a) On the recommendation of the Delegate Body or Committee, and with the approval of the Secretary, any order issued by the Secretary under this subtitle may contain one or more of the provisions described in this section.

(b)(1) The order may provide that each person purchasing porcine animals from pork producers for commercial use and each importer shall maintain and make available for inspection such books and records as may be specified by the order and file reports at the time, in the manner, and having the content prescribed by the order, including documentation of the State of origin of the porcine animals being purchased or the place of origin of the porcine animals, pork, or pork products being imported. Such information shall be made available to the Secretary and the Committee as is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any order issued under to this subtitle.

(2) All information obtained under paragraph (1) shall be kept confidential by all employees of the Secretary and of the Committee. Only such information as the Secretary deems relevant shall be disclosed and only in a suit or administrative bearing brought at the direction or on the request of the Secretary, or to which the Secretary or any officer of the United States is a party, involving the order with reference to which the information was furnished or acquired. Nothing in this paragraph shall prohibit—

(A) issuance of general statements based on the reports of a number of persons subject to any order or statistical data collected therefrom if such statements or data do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating any order issued under this subtitle, together with a statement of the particular provisions of the order violated by such person.

Any person willfully violating this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an employee of the Committee or the Secretary, shall be removed from office.

(c) The order may contain terms and conditions incidental to, and not inconsistent with, the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the order.

REQUIREMENT OF REFERENDUM

SEC. 1829. (a) The Secretary shall conduct a referendum during a period not earlier than two years, and not later than three years, after the date of the enactment of this Act, among pork producers who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, for the purpose of ascertaining whether the order then in effect shall be continued. Such order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the pork producers voting in the referendum. If continuation of the order is not approved by a majority of the pork producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months and shall terminate the order in an orderly manner as soon as practicable after such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Committee for any expenses (other than compensation payable to officers and employees of the United States) incurred in connection with conducting any referendum under this section and section 1830.

SUSPENSION AND TERMINATION OF ORDERS; ADDITIONAL REFERENDA

SEC. 1830. (a) After the initial referendum provided for in section 1829(a), the Secretary shall, whenever the Secretary finds that any order issued under this subtitle or any provision of the order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of such order or such provisions.

(b) After the initial referendum provided for in section 1829(a), the Secretary shall, on request of a number of pork producers who, during a representative period (as determined by the Secretary) have marketed the equivalent of at least 50 porcine animals and compromise 15 per centum or more of the number of pork producers subject to the order, conduct a referendum to determine whether the producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the pork producers voting in the referendum who, during a representative period (as determined by the Secretary), have marketed the equivalent of at least 50 porcine animals a year, and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

(c) The termination or suspension of any order, or any provision of the order, shall not be considered an order within the meaning of this subtitle.

PETITION AND REVIEW

SEC. 1831. (a) Any person subject to any order issued under this subtitle may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and requesting a modification of the order or an exemption from the order. Such person shall thereupon be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. After the hearing, the Secretary shall make a determination granting or denying the petition.

(b) The district courts of the United States in any district in which the person is an inhabitant or does business are hereby vested with jurisdiction to review such determination, if a complaint for that purpose is filed within 20 days after the date the person receives notice of such determination. Service of process in such proceedings may be had on the Secretary by delivering a copy of the complaint to the Secretary. If the court determines that the determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires.

ENFORCEMENT

SEC. 1832. (a) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order, rule, or regulation issued under this subtitle. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of this subtitle would be adequately served by suitable written notice or warning to any person committing such violation or by administrative action under subsection (b).

(b)(1) Any person who willfully violates any provision of any order, rule, or regulation issued by the Secretary under this subtitle may be assessed a civil penalty by the Secretary of not more than $1,000 for each such violation and, in the case of a willful failure to pay, collect, or remit any assessment as required by any order, in addition to the amount due, a penalty equal to the amount of the assessment payable with respect to porcine animals, pork, or pork products with respect to which the failure applies. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation. No penalty shall be assessed, nor cease and desist order issued, unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation. Any order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2) Any person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall

promptly file in such court a certified copy of the record on which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a valid cease and desist order issued under paragraph (1) by the Secretary shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing on the record, of not more than $5,000 for each offense. Each day during which such failure continues shall be deemed a separate violation of such order.

(4) If any person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

SEC. 1833. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this subtitle or to determine whether any person subject to the provisions of this subtitle has engaged or is about to engage in any act that constitutes or will constitute a violation of any provision of this subtitle or of any order, rule, or regulation issued under this subtitle. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or does business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation. Any failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof. Process in any such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

ADMINISTRATIVE PROVISION

SEC. 1834. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1835. There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Committee under section 1827(h)(3)(D). Any sums appropriated to carry out this subtitle shall not be available for payment of the expenses or expenditures of the Committee in administering any provisions of any order issued under this subtitle.

PREEMPTION

SEC. 1836. This subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and the obtaining of funds therefor from pork producers. Any regulation of such activities or requirements with respect to the promotion, research, and consumer education involving pork (other than any regulation or requirement relating to matters of public health) that is in addition to or different from those made under this subtitle may not be imposed by any State.

Subtitle D—Watermelon Research and Promotion Act

SHORT TITLE

SEC. 1841. This subtitle may be cited as the "Watermelon Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 1842. (a) Congress finds that—

(1) the per capita consumption of watermelons in the United States has declined steadily in recent years;

(2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;

(3) approximately 2,607,600,000 pounds of watermelons with a farm value of $158,923,000 were produced in 1981 in the United States;

(4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;

(5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the

United States for commercial use), and carrying out of an effective, continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

DEFINITIONS

SEC. 1843. As used in this subtitle—

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner

specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1047.

ISSUANCE OF PLANS

SEC. 1844. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

SEC. 1845. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

REGULATIONS

SEC. 1846. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

REQUIRED TERMS IN PLANS

SEC. 1847. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to—

(1) administer the plan in accordance with its terms and conditions;

(2) make rules and regulations to effectuate the terms and conditions of the plan;

(3) receive, investigate, and report to the Secretary complaints of violations of the plan; and

(4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1848(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that—

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as

may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per-unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or handler against whose watermelons an assessment is made and collected under this subtitle and who is not in favor of supporting the research, development, advertising, and promotion program provided for under this subtitle shall have the right to demand a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 1848. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1847 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1847 and 1849, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1847(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

ASSESSMENT PROCEDURES

SEC. 1849. (a) Each handler required to pay assessments under a plan, as provided for under section 1847(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer.

The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit—

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall on conviction be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 1850. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted therefrom. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling. Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

ENFORCEMENT

SEC. 1851. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2), of not more than $500 for each offense.

Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 1852. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 1853. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1843(5) and 1848(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall on conviction be subject to the penalties provided in section 1849(c) of this subtitle.

SUSPENSION OR TERMINATION OF PLANS

SEC. 1854. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

AMENDMENT PROCEDURE

SEC. 1855. The provisions of this subtitle applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 1856. If any provision of this subtitle or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this subtitle and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1857. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

Subtitle E—Marketing Orders

MAXIMUM PENALTY FOR ORDER VIOLATIONS

SEC. 1861. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section

8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

SEC. 1862. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) in subparagraph (A)—

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary finds that termination is favored by a majority of the producers referred to in subparagraph (B). The Secretary may make such finding with respect to termination only in the manner specified in subparagraph (B)."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The amendment made by subsection (a) shall apply with respect to the termination of any order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, and in effect on or after July 10, 1985.

CONFIDENTIALITY OF INFORMATION

SEC. 1863. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting in the first sentence ", or provided by a producer or handler under section 8c," after "pursuant to this section"; and

(2) in clause (A) of the second sentence, striking out "the information furnished by any person", and inserting in lieu thereof "or disclose any specific item of information furnished by any person, or reveal the identity of such person".

Subtitle F—Grain Inspection

GRAIN STANDARDS

SEC. 1871. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following:

"(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.

"(d) The Administrator shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain.".

IMPROVED QUALITY STANDARDS FOR EXPORTED GRAIN

SEC. 1872. (a) Section 6 of the United States Grain Standards Act (7 U.S.C. 78) is amended by adding at the end thereof the following:

"(c)(1) To protect the quality of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain when there is a possibility that the recombined product may be exported from the United States; and no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage.

"(2) Nothing in paragraph (1) shall be construed to prohibit—

"(A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain;

"(B) the export of dockage or foreign material removed from grain when such dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain;

"(C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture;

"(D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and

"(E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

"(3) Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 per centum, but the addition of water to grain that may be exported is prohibited except by aeration of such grain with natural air.".

Subtitle G—Agricultural Stabilization and Conservation Committees

ASC COMMITTEE REFORM

SEC. 1881. (a) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by striking out the first through the seventh sentences and the thirteenth sentence and inserting in lieu thereof:

"In carrying out the provisions of this section, the Secretary shall use the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs. There shall be three local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different countries in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election. Each local administrative area shall have one community committee consisting of at least three members elected to three-year terms in a community election to be held every third year, except that there may be more than one community committee per administrative area in counties that, as of the date of enactment of the Food Security Act of 1985, have more than three community committees. Only one local administrative area shall hold an election in any given year in each county. Community committee members shall serve without pay. Community committees shall meet at least twice annually. Only farmers within a local administrative area who are producers who participate or cooperate in programs administered within their area shall be eligible for nomination and election to the community committee for that area. Only farmers who are participating or cooperating producers within an area shall be eligible to vote in the election in that area. Each county shall have a county committee which shall consist of three members, who shall be elected on a rotating basis—one each year from within one of the three administrative areas. The community committee candidate receiving the greatest number of votes shall be the county committee member and shall serve a three-year term. In an administrative area with more than one community committee, the one community committee candidate receiving the greatest number of votes shall be the county committee member. Should the candidate receiving the greatest number of votes decline to serve on the county committee, the candidate receiving the greatest number of votes and who is willing to serve shall become the county committee member. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members shall be elected for three-year terms in accordance with regulations to be issued by the Secretary. The Secretary, by regulation, may set levels of, and provide, pay for county committees.".

(b) To ensure continuity of the farmer-elected committee system, the Secretary shall provide by regulation for the orderly implementation of the amendments made by subsection (a) by authorizing members of local and county committees duly elected on or before the effective date of this Act to serve out their unexpired terms.

Subtitle H—Miscellaneous

COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

SEC. 1891. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "*And provided further*, That any contract entered into by the Corporation for the use of a storage facility shall provide at least that (1) the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract, (2) any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".

WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1892. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, are essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal

and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

EMERGENCY FEED PROGRAM

SEC. 1893. Clause (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

ILLEGAL ACTIVITIES

SEC. 1894. Notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marihuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers.

DEPARTMENT OF DEFENSE LAND

SEC. 1895. Notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture.

TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

SHORT TITLE

SEC. 1901. This title may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1902. As used in this title—

(1) the term "Commission" means the National Commission on Agricultural Policy established under section 1903;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1903. (a) There is established a National Commission on Agricultural Policy to conduct a study of the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members specified in subsection (c), the Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities in the United States;

(B) processors or refiners of United States agricultural commodities;

(C) exporters, transporters, or shippers of United States agricultural commodities;

(D) suppliers of production equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than six individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) eight individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1904. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the way they affect agriculture and agricultural policy consistency; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1905. Not later than twelve months after the date of the enactment of this Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1904. The Commission shall not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1906. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of a subsistence expense, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5 of the United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5 of United States Code governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1907. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) To the maximum extent practicable, expenses of the Commission shall be carried out using funds available to the Secretary of Agriculture.

TERMINATION

SEC. 1908. This title and the Commission shall terminate four years after the date of enactment of this Act.

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U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, September 10, 1985

~~(Sub)~~ Committee: Full

Business Meeting - P.M.

met at 2:40 p.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of considering the Food Security Act of 1985, H.R. 2100 and Committee Print; H. Con. Res. 185, recognizing current crisis in American agriculture and Farmaid Concert

The following Members were present:

Mr. de la Garza
Mr. Foley
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Daschle
Mr. Stenholm
Mr. Hatcher

Mr. Staggers
Mr. Evans (Ill.)
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr. Volkmer
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette

Staff Present:
Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Kathy Hughes, Staff Assistant
Howard Conley, Staff Economist
Glenda Temple, Clerk
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

The following were present to respond to questions:

Mr. Richard Goldberg, Deputy Under Secretary for International Affairs and Commodity Programs, USDA

Mr. Ewen Wilson, Deputy Assistant Secretary for Economics, USDA

Mr. Roy M. Gray, Director Economics, Soil Conservation Service, USDA

Mr. Doug Bellis, Office of House Legislative Counsel

Mr. Robert Weinhagen, Office of House Legislative Counsel

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Action Taken:

-- By voice vote Coelho motion to approve Task Force amendment to Ad Hoc Task Force on Reconciliation proposal agreed to.

-- By voice vote Ad Hoc Task Force on Reconciliation savings proposal, as amended, adopted.

-- By voice vote Huckaby en bloc amendments clarifying language on rice and cotton loans approved.

-- By show of hands vote of 14 yeas-13 nays Bedell amendment providing for Assistant Secretary of Agriculture for Agricultural Exports and Food Aid agreed to.

-- By voice vote Rose amendment clarifying definition of "person" for tobacco and peanuts relative to nonrecourse loans approved.

-- By roll call vote 19-yeas-22 nays Volkmer referendum amendment not agreed to.

-- By roll call vote 2 yeas-36 nays Weaver referendum amendment not agreed to.

-- By roll call vote 22 yeas-17 nays Bedell referendum amendment adopted.

-- By voice vote Bedell amendment to education fellowship grants program approved.

-- Without objection Marlenee amendment withdrawn in favor of report language alerting producers participating in conservation reserve to possible jeopardy.

-- By voice vote Stenholm amendment providing for 5-year bill agreed to.

-- By voice vote Bruce amendment adding "friendly" countries to surplus commodity distribution provisions adopted.

-- By voice vote Bruce amendment on bonus program for ethanol adopted.

-- Without objection Jones (Tenn.) report language on insured operating loan program approved.

-- Without objection de la Garza report language on sugar approved.

-- By voice vote H.R. 2100, as amended, ordered reported to the House in the presence of a quorum.

-- By voice vote Weaver motion to suspend the rules and report H. Con. Res. 185 approved in the presence of a quorum.

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Chairman de la Garza called the meeting to order and advised that the Ad Hoc Task Force had met again and would recommend an amendment to the previously-offered report (see minutes of A.M. session). The amendment would substitute in lieu of the 10 percent reduction on the soybean loan rate that the rate be reduced by 5 percent for a savings of $325 million; that the wheat diversion payment for preplanting or planting made prior to the announced program be capped at $2.00 per bushel for a savings of $125 million; that the cap on disaster loans be set at $1.3 billion in 1986, $700 million in 1987, and $600 million in 1988 for a savings of $100 million; and that the section 416 program be reduced by $100 million. The amendment would replace the savings lost in reducing the soybean loan rate by 5 rather than 10 percent.

Mr. Coelho moved the adoption of the Task Force amendment and by a voice vote the amendment was agreed to. By a voice vote the Ad Hoc Task Force on Reconciliation proposal, as amended, was approved. Mr. Foley moved that the staff be directed to incorporate legal language into the bill to reflect the action taken on the budget savings and there was no objection.

Mr. Huckaby offered the attached amendments to the cotton and rice sections of the bill to clarify language that the loan would be reduced by a maximum of 5 percent, as in wheat and feed grains, and if the commodities are still not able to compete overseas the so-called Findley amendment could be invoked with up to a maximum of 20 percent reduction Discussion occurred and by a voice vote the amendments were approved en bloc.

Mr. Marlenee asked for clarification on "highly erodible cropland" for purposes of the conservation reserve. Discussion occurred but no amendments were offered.

Mr. Bedell offered the attached amendment providing for an Assistant Secretary of Agriculture for Agricultural Exports and Food Aid. Discussion occurred and by a show of hands vote of 14 yeas-13 nays the amendment was agreed to.

Mr. Rose offered the attached amendment to except that the term "person" shall not include associations to which loans are made for tobacco and peanuts in the nonrecourse loan provisions. Discussion occurred and by a voice vote the amendment was agreed to.

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Mr. Volkmer offered the attached amendment to provide for a referendum for a mandatory program for wheat and feed grains. Discussion occurred on the proposal. By a show of hands vote of 16 yeas-20 nays the amendment was not agreed to. Mr. Weaver requested a recorded vote and the clerk was directed to call the roll. The vote follows:

YEAS

1. Mr. Jones (Tenn.)
2. Mr. Weaver
3. Mr. Bedell
4. Mr. English
5. Mr. Glickman
6. Mr. Whitley
7. Mr. Coelho
8. Mr. Daschle
9. Mr. Volkmer
10. Mr. Evans (Ill.)
11. Mr. Penny
12. Mr. Stallings
13. Mr. Coleman
14. Mr. Gunderson
15. Mr. Evans (Iowa)
16. Mr. Schuette
17. Mr. Jones (N.C.)(proxy to Mr. de la Garza)
18. Mr. Rose
19. Mr. Panetta (proxy to Mr. de la Garza)

NAYS

1. Mr. Huckaby
2. Mr. Stenholm
3. Mr. Hatcher
4. Mr. Staggers
5. Mr. Thomas
6. Mr. Olin
7. Mr. Bruce
8. Mr. Madigan
9. Mr. Jeffords
10. Mr. Marlenee
11. Mr. Hopkins
12. Mr. Stangeland
13. Mr. Roberts
14. Mr. Emerson
15. Mr. Morrison
16. Mr. Chappie
17. Mr. Franklin
18. Mr. Lewis
19. Mr. Smith
20. Mr. Combest
21. Mr. Foley (proxy to Mr. de la Garza)
22. Mr. Tallon (proxy to Mr. de la Garza)

Thus, by a recorded vote of 19 yeas-22 nays the Volkmer amendment was not agreed to.

Mr. Weaver offered the attached amendment providing for a referendum for a mandatory program for cotton, rice, and soybeans. He explained the provisions of the amendment and moved the previous question on the amendment. By a voice vote the amendment was not agreed to. Mr. Madigan requested a recorded vote and a sufficient number of Members supported the request. The vote follows:

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YEAS

1. Mr. Jones (Tenn.)
2. Mr. Weaver

NAYS

1. Mr. Huckaby
2. Mr. Glickman
3. Mr. Whitley
4. Mr. Coelho
5. Mr. Daschle
6. Mr. Stenholm
7. Mr. Hatcher
8. Mr. Staggers
9. Mr. Thomas
10. Mr. Olin
11. Mr. Penny
12. Mr. Bruce
13. Mr. Madigan
14. Mr. Jeffords
15. Mr. Coleman
16. Mr. Hopkins
17. Mr. Stangeland
18. Mr. Roberts
19. Mr. Emerson
20. Mr. Morrison
21. Mr. Gunderson
22. Mr. Evans (Iowa)
23. Mr. Chappie
24. Mr. Franklin
25. Mr. Lewis
26. Mr. Smith
27. Mr. Combest
28. Mr. Schuette
29. Mr. Foley (proxy to Mr. de la Garza)
30. Mr. Bedell
31. Mr. English
32. Mr. Panetta (proxy to Mr. de la Garza)
33. Mr. Volkmer
34. Mr. Tallon (proxy to Mr. de la Garza)
35. Mr. Evans (Ill.)
36. Mr. Marlenee

Thus by a recorded vote of 2 yeas-36 nays the Weaver amendment was not agreed to.

Mr. Bedell offered the attached amendment which would provide for a referendum for a voluntary certificate program for wheat and feed grains. Discussion occurred on the amendment.

By a show of hands vote of 16 yeas-14 nays the amendment was agreed to. Mr. Madigan requested a recorded vote and a sufficient number of Members supported the request. The vote follows:

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YEAS

1. Mr. Jones (Tenn.)
2. Mr. Rose
3. Mr. Weaver
4. Mr. Bedell
5. Mr. English
6. Mr. Glickman
7. Mr. Whitley
8. Mr. Coelho
9. Mr. Daschle
10. Mr. Volkmer
11. Mr. Evans (Ill.)
12. Mr. Thomas
13. Mr. Penny
14. Mr. Stallings
15. Mr. Coleman
16. Mr. Gunderson
17. Mr. Evans (Iowa)
18. Mr. Schuette
19. Mr. Foley (proxy to Mr. de la Garza)
20. Mr. Jones (N.C.)(proxy to Mr. de la Garza)
21. Mr. Panetta (proxy to Mr. de la Garza)
22. Mr. Huckaby

NAYS

1. Mr. Stenholm
2. Mr. Staggers
3. Mr. Olin
4. Mr. Bruce
5. Mr. Madigan
6. Mr. Jeffords
7. Mr. Hopkins
8. Mr. Emerson
9. Mr. Morrison
10. Mr. Chappie
11. Mr. Lewis
12. Mr. Smith
13. Mr. Combest
14. Mr. Marlenee
15. Mr. Stangeland (proxy to Mr. Madigan)
16. Mr. Roberts
17. Mr. Franklin

Thus, by a recorded vote of 22 yeas-17 nays the Bedell amendment was adopted.

Mr. Bedell offered the attached amendment on behalf of the Administration waiving certain paperwork in the education fellowship grants program. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Marlenee offered the attached amendment to the conservation reserve section to provide clarification to producers of actions on entering into a contract. Discussion occurred and without objection Mr. Marlenee withdrew the amendment with the understanding that report language would be included alerting producers to the possibility of jeopardizing their contracts with certain restrictions.

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Mr. Stenholm offered the attached amendment making the legislation a five-year bill rather than a four-year bill. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Bruce offered the attached amendment to section 416 on surplus commodity distribution. The amendment would add the words "friendly or" before "developing countries" as contained in current P.L. 480 statutes. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Bruce offered the attached amendment dealing with a bonus program for ethanol. Discussion occurred and by a voice vote the proposal was adopted.

Mr. Jones (Tenn.) offered the attached report language to reflect Committee intent that all farmers have access to the Farmers Home Administration insured operating loan program on an equal eligibility basis whether they are existing or new borrowers. Without objection the language was approved.

Mr. Bedell advised that he might have amendments on the floor concerning the Farmers Home Administration and that he would work with Mr. Jones (Tenn.) and staff in drafting the language.

Chairman de la Garza stated he would like to include report language in the sugar section to impress on the Administration that the problems of refiners are to be considered along with the problems of producers. Without objection the suggestion was agreed to.

The Committee commended the Chairman for his work in handling the farm bill.

Mr. Madigan asked that Members have until Thursday to submit views for inclusion in the Committee Report, and there was no objection. The Chairman advised that the report would have to be filed on Thursday in order for the Committee to appear before the Rules Committee on Tuesday, September 17.

By a voice vote and in the presence of a quorum (36 Members present and voting) H.R. 2100, as amended, was ordered reported to the House. Staff was given permission to make such technical and clerical changes as are necessary.

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Mr. Weaver moved to suspend the rules to consider and report H. Con. Res. 185, expressing the sense of the Congress in support of the efforts of the organizers of and participants in the Farmaid Concert to be held in Champaign, Illinois, to bring the current crisis in American agriculture to the attention of the American people (copy of language attached). By a voice vote in the presence of a quorum (36 Members presenting and voting) H. Con. Res. 185 was ordered reported to the House.

At 6:45 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

Amendments to Title V (Cotton)

Offered by Mr. Huckaby

1. On page 107, strike out the sentence that begins on line 6 after "sentence." and insert in lieu thereof the following:

> If the Secretary determines that the world price of upland cotton is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level to a level the Secretary determines necessary for upland cotton to be competitive in domestic and export markets, except that the reduction shall not exceed 20 percentum of the loan level that would have been in effect but for this sentence.

Amendments to Title VI (RICE)

Offered by Mr. Huckaby

1. On page 125, strike out the sentence that begins on line 21 after "sentence." and insert in lieu thereof the following:

> If the Secretary determines that the world price of rice is below the loan level computed under the foregoing provisions, the Secretary shall reduce the loan level to a level the Secretary determines necessary to make rice competitive in domestic and export markets, except that the reduction shall not exceed 20 percentum of the loan level that would have been in effect but for this sentence.

AMENDMENT TO THE COMMITTEE PRINT (H.R. 2100)

by Mr. Bedell

On Page 255, after line 26, add new sections 1153 and 1154 as follows:

"Sec. 1153. Congress finds that—

"(1) world trade in agricultural commoditities has stagnated in recent years, and at the same time the United States has lost a considerable portion of its market share of such trade;

"(2) since 1981 the decline in exports of United States agricultural commodities has amounted to a reduction of $10 billion and 25 million tons, a reduction of some 25 percent in the export contribution to farm income;

"(3) in part as a result of the loss of export markets, the farm economy in the United States has been in serious economic distress that has reached beyond the farmer and affected the businesses that serve the farmer and the entire economy of rural America as well;

"(4) an increase in world trade in agricultural commodities and in the United States' share of such trade is essential to a healthy farm economy, since exports have accounted for over one-third of the demand for agricultural commodities;

"(5) the reduction in exports is attributable to a number of factors, including, among others, the high value of the dollar, unfair trading practices used by other countries to the detriment of the United States, and severe financial problems in many developing countries that have restricted the purchasing power in those countries;

"(6) there are many legislative authorities available to the United States that, if used creatively, could reverse this trend in exports and make a major long-term contribution toward increasing exports of agricultural commodities — authorities in existing law and new authorities provided under this Act;

(7) these authorities include programs to make commercial exports more competitive in world markets with exports of other countries, to develop new commercial markets, and to offset unfair trading practices of third countries, as well as programs to provide food assistance to developing countries to help their economies grow so that they may become larger markets for U.S. exports of agricultural commodities;

"(8) the countries with the greatest potential for long-term growth in U.S. agricultural exports are the developing nations where three-fourths of the world's people live, many of them chronically hungry and subject to food emergencies. These are also countries where increased incomes readily translate into increased food and fiber consumption;

"(9) the crisis in rural America calls for new initiatives on the part of the United States to apply long-range sustained planning in the use of its export and food aid authorities that would enable this Nation to make maximum use of its agricultural and related resources;

"(10) to accomplish these objectives, it is essential to identify those countries that have the greatest long-term economic growth potential, to treat each country as a unique market, and to coordinate and integrate the legislative authorities available to the United States in a manner that addresses the specific need of each country; and

"(11) it is necessary for the President to appoint a Special Assistant for Agricultural Exports and Food Aid to provide improved long-term coordination and planning of efforts among United States Government agencies administering the commercial and foreign assistance programs and to provide integrated direction for these programs.

Special Assistant for Agricultural Exports and Food Aid

"Sec. 1154. (a) In order to implement the findings set forth in section 1153, the President shall appoint, with the advice and consent of the Senate, a Special Assistant for Agricultural Exports and Food Aid, who shall hold office at the pleasure of the President, and shall have the rank of Ambassador. The Special Assistant for Agricultural Exports and Food Aid shall report directly to the President and the Congress.

"(b) The Special Assistant for Agricultural Exports and Food Aid shall have overall responsibility for developing and coordinating a long-term international agricultural policy for utilizing the agricultural and related resources of the United States and its export and food aid programs in maximizing exports of agricultural commodities and products thereof consistent with economic and humanitarian objectives, and preparing reports as provided in subsection (c). The Special Assistant shall coordinate activities as provided under this section in consultation with the Secretary of Agriculture, the Secretary of State, the United States Trade Representative, and the Administrator of the Agency for International Development.

"(c) Not later than one year after the date of enactment of this Act, the Special Assistant for Agricultural Exports and Food Aid shall submit to the President and the Congress a report that—

"(1) contains a global analysis that evaluates future production and food needs in the world, with special attention to the developing countries;

"(2) identifies a minimum of 15 target countries that are most likely to emerge as growth markets for agricultural commodities and products thereof in the next 5 to 10 years; and

"(3) contains a detailed plan for using available export and food aid authorities to increase United States exports of agricultural commodities and products thereof to each of such target countries, and specifies the particular export and food aid authorities to be used in each such country and the manner in which such authorities are to be used. Each year thereafter the Special Assistant shall submit a revised report to the President and the Congress that evaluates the progress made in implementing the plan, contains any changes that need to be made in the plan based on changed conditions, and recommends any changes in legislative authorities that are needed to accomplish the objectives of this section.

"(d) The Special Assistant for Agricultural Exports and Food Aid may for the purpose of carrying out functions under this section--

"(1) subject to the civil service and classification laws, appoint, employ, and fix the compensation of such officers and employees as are necessary, but not to exceed 15 full-time employees, and prescribe their authority and duties;

"(2) employ experts and consultants in accordance with section 3109 of Title 5 and compensate individuals so employed for each day (including travel time) at rates not in excess of the maximum rate of pay for grade GS-18 as provided in section 5332 of Title 5, and while such experts and consultants are so serving away from their homes or regular places of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of Title 5 for persons in Government service intermittently employed.

"(3) utilize, with their consent, the services, personnel, and facilities of other Federal agencies;

"(4) enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the work under this section and on such terms as the Special Assistant may deem appropriate, with any agency or instrumentality of the United States, or with any public or private person, firm, association, corporation, or institution;

"(5) accept voluntary and uncompensated services, notwithstanding the provisions of section 665(b) of Title 31; and

"(6) promulgate such rules and regulations as may be necessary to carry out the functions, powers, and duties vested in the Special Assistant.

"(e) Effective October 1, 1985, there are authorized to be appropriated to the Office of the Special Assistant for Agricultural Exports and Food Aid for each fiscal year such sums as are necessary to carry out the provisions of this section.

AMENDMENT TO COMMITTEE PRINT OF H.R. 2100
AS AMENDED BY THE FULL COMMITTEE THROUGH AUGUST 1, 1985

Offered by Mr. Rose

On page 195, in line 18, after "subsection" insert the following: ", except that the term 'person', as used in this subsection, shall not include any association to which loans are made under sections 106A(b) and 108B(3) of this Act".

VOLKME127

AMENDMENT OFFERED BY MR. VOLKMER TO THE COMMITTEE PRINT (DATED SEPTEMBER 3, 1985) TO H.R. 2100

On page 105, after line 7, insert the following new title:

TITLE IVA--PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS

REFERENDA AND QUOTAS, PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT AND FEED GRAINS

SEC. 451. Effective only for the 1986 through 1991 crops, the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended by adding at the end thereof a new title V as follows:

``TITLE V--REFERENDA AND QUOTAS, PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT AND FEED GRAINS

``Subtitle A--Findings and Policy; Consumer Safeguards

``FINDINGS AND POLICY

``SEC. 501. (a) Congress finds that--

``(1) wheat and feed grains are essential agricultural commodities for the Nation, are produced throughout the United States by hundreds of thousands of farmers, and along with their products flow in substantial amounts through instrumentalities of interstate and foreign commerce from producers to consumers;

``(2) abnormally excessive and abnormally deficient supplies of wheat and feed grains on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce; and

``(3) interstate and foreign commerce in wheat and feed grains, and their products, should be protected from burdensome surpluses and disruptive shortages, a supply of the commodities should be maintained to meet domestic consumption needs and export demand, and soil and water resources of the Nation should not be squandered in the production of surplus burdensome supplies of the commodities.

``(b) It is hereby declared to be the policy of Congress that it is in the interest of the general welfare to assist in the marketing of wheat and feed grains for domestic consumption and export; to regulate interstate and foreign commerce in the commodities to the extent necessary to provide an orderly, adequate, and balanced flow of the commodities in interstate and foreign commerce; and to provide loans and other means to maintain farm income for producers of the commodities, reduce excess production, and enable consumers to obtain an adequate and steady supply of such commodities at fair prices.

“CONSUMER SAFEGUARDS

“SEC. 502. The powers conferred under this title shall not be used to discourage the production of supplies of food and animal feed sufficient to meet normal domestic and export needs, as determined by the Secretary. In carrying out the purposes of this title, the Secretary shall give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair both to producers and consumers.

“Subtitle B-- Producer-Approved Wheat and Feed Grain Program

“PROCLAMATION OF WHEAT AND FEED GRAIN MARKETING QUOTAS

“SEC. 511. (a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat or feed grains, or both, in the marketing years for such commodities beginning in the next succeeding calendar year, in the absence of a marketing year program, will likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat or a national marketing quota for feed grains, as the case may be, or marketing quotas for both, shall be in effect for such marketing years and for the marketing years for the next crop of such commodities. In the case of the marketing years for the 1986 and 1987 crops of such commodities, such determination and proclamation shall be made as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986.

``(b) If a national marketing quota for wheat or feed grains has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 nor later than April 15 of the calendar year preceding the year in which such marketing year begins, except that in the case of the marketing years for the 1986 and 1987 crops, such determination and proclamation shall be made as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986. The amount of the national marketing quota for wheat or feed grains for any marketing year shall be an amount of wheat or feed grains that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, food aid needs, and adequate carryover stocks.

``(c) If, after the proclamation of a national marketing quota for wheat or feed grains for any marketing year, the Secretary determines that the national marketing quota should be terminated or increased to meet a national emergency or a material increase in the demand for wheat or feed grains, the national marketing quota shall be increased or terminated by the Secretary.

``FARM MARKETING QUOTAS

``SEC. 512. (a) For each marketing year for wheat or feed grains for which a national marketing quota has been proclaimed under section 511 of this title, the Secretary shall establish farm marketing quotas in accordance with this section.

``(b) The Secretary shall establish a marketing quota apportionment factor for each wheat or feed grain marketing year for which a national marketing quota is proclaimed under section 511. The marketing quota apportionment factor shall be determined by dividing the national marketing quota for such marketing year for wheat or feed grains by the product obtained by multiplying (1) the Secretary's estimate of the average of the then current program yields for wheat or feed grains assigned to each farm by (2) the total of each farm's then current wheat or feed grain crop acreage base.

``(c) The Secretary shall assign a farm marketing quota to each farm with a wheat or feed grain crop acreage base of fifteen acres or more for the crop involved by multiplying the marketing quota apportionment factor determined under subsection (b) of this section by the product obtained by multiplying (1) such farm's then current program yield for wheat or feed grains by (2) such farm's then current wheat or feed grain crop acreage base.

``(d) Farm marketing quotas shall be established by the Secretary under this section by June 1 of the calendar year preceding the marketing year for which a national marketing quota has been proclaimed under this title, except that in the case of the 1986 and 1987 crops, such quotas shall be established as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986.

``PROCLAMATION OF WHEAT AND FEED GRAINS NATIONAL PRODUCTION ACREAGES

``SEC. 513. (a) If a national marketing quota has been proclaimed for any wheat or feed grain marketing year under section 511 of this title, the Secretary shall proclaim a wheat or feed grain national production acreage for the crop of wheat or feed grains covered by such marketing year on the date that such national marketing quota is proclaimed.

``(b) The amount of the national production acreage for any crop of wheat or feed grains shall be the number of wheat or feed grain acres that the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of the farm production acreages for such crop will produce an amount of wheat or feed grains equal to the national marketing quota for the commodity for the marketing year for such crop.

``(c) If, after the proclamation of the national production acreage for wheat or feed grains for any crop, the Secretary determines that the national production acreage should be terminated or increased to meet a national emergency or a material increase in the demand for wheat or feed grains, the national production acreage shall be increased or terminated by the Secretary.

``FARM PRODUCTION ACREAGES

``SEC. 514. (a) The national production acreage determined under section 513 of this title for a crop of wheat or feed grains shall be apportioned by the Secretary among farms in accordance with this section.

``(b) The Secretary shall establish a production acreage apportionment factor for each crop of wheat or feed grains for which a national production acreage is determined. The production acreage apportionment factor shall be determined by dividing the national production acreage for such crop of wheat or feed grains by the total of the acres of wheat or feed grains included in each farm's wheat or feed grain crop acreage base, as determined under title VI of this Act.

``(c) The Secretary shall determine the wheat or feed grain farm production acreage for each farm (with a crop acreage base for the commodity and crop involved of fifteen acres or more) on which wheat or feed grains are produced by multiplying the production acreage apportionment factor determined under subsection (b) of this section by the farm's wheat or feed grain crop acreage base.

``(d) Notwithstanding the provisions of subsection (c) of this section, the farm production acreage for each farm--

``(1) in the case of each crop of wheat, shall be equal to 65 per centum of the farm's crop acreage base for wheat, unless the Secretary estimates that, by the end of the marketing year for that crop of wheat, ending stocks of wheat will be equal to or less than the domestic consumption of wheat for the marketing year; and

``(2) in the case of each crop of feed grains, shall be equal to 80 per centum of the farm's acreage base for feed grains, unless the Secretary estimates that, by the end of the marketing year for that crop of feed grains, ending stocks of feed grains will be 10 per centum or less of the total use of feed grains for the marketing year.

``(e) Subject to the provisions of section 535(b) of this title, whenever a wheat or feed grain production acreage for a crop is established for a farm, other than for a crop which the producers on the farm uses for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national production acreage is in effect, under this section, the producers on the farm may not plant an acreage on the farm to the commodity for harvest for the crop in excess of the farm's production acreage for the commodity; and with respect to farms with a crop acreage base for the commodity and crop involved of less than fifteen acres, producers on the farm may not plant an acreage on the farm to the commodity for harvest for the crop in excess of fifteen acres.

``REFERENDA

``SEC. 515. (a) If national marketing quotas for wheat, feed grains, or both wheat and feed grains for two marketing years, are proclaimed under section 511 of this title, the Secretary shall, not later than July 1 of the calendar year in which such national marketing quotas are proclaimed, conduct a referendum by secret ballot of wheat and feed grain producers to determine whether they favor or oppose marketing quotas and production acreages for the marketing years and crops for which proclaimed. In the case of the 1986 and 1987 crops, the referendum shall be conducted as soon as practicable after the date of enactment of the Food Security Act of 1985, but not later than February 1, 1986.

``(b) Any producer with a wheat or feed grain crop acreage base of fifteen or more acres for the then current crop, as determined under title VI of this Act, shall be eligible to vote in the referendum. For purposes of this section, the term `producer´ shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper. A landlord whose return from the crop is fixed regardless of the amount of the crop produced shall not be considered a producer.

``(c) The Secretary shall proclaim the results of any referendum held hereunder within fifteen days after the date of such referendum and if the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in the referendum voted for marketing quotas and production acreages, the Secretary shall proclaim that marketing quotas and production acreages will be in effect with respect to the crops of wheat or feed grains, or both, produced for harvest in the two calendar years following the year in which the referendum is held (or in the case of the referendum held no later than February 1, 1986, for crops harvested in 1986 and 1987).

``(d) In the event that marketing quotas and production acreages are approved with respect to the 1986 crop of wheat or feed grains, the Secretary shall provide fair and equitable compensation to producers who planted a crop in excess of their farm production acreage prior to the proclamation by the Secretary that marketing quotas and production acreages will be in effect with respect to that crop. Such compensation shall cover at a minimum the costs incurred by producers for planting such crop, as determined by the Secretary.

``(e) If the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in a referendum approved marketing quotas and production acreages for a period of two marketing years, no referendum shall be held for the next year of such period.

``(f) If marketing quotas and production acreages are not approved by producers in a referendum as provided under this section, with respect to the crops harvested in the succeeding year, in lieu of such marketing quotas and production acreages, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as provided elsewhere in this Act.

``LOANS AND PURCHASES

``SEC. 516. (a) If producers of wheat and feed grains approve marketing quotas and production acreages, as provided in section 515 of this title, loans and purchases shall be made available to producers as provided in sections 105C and 107D of this Act, except that the minimum loan rates for the crops of wheat or feed grains with respect to which marketing quotas and production acreages are in effect--

``(1) in the case of wheat, shall be not less than $5.03 per bushel for the 1986 crop, and, for each of the 1987 through 1991 crops of wheat, shall be not less than a level that represents an increase of two parity index points over the previous crop's minimum loan level, or the level provided in the following table, whichever is less:

``for the 1987 crop...........	$5.17 per bushel
for the 1988 crop...........	5.31 per bushel
for the 1989 crop...........	5.45 per bushel
for the 1990 crop...........	5.59 per bushel
for the 1991 crop...........	5.73 per bushel.

``(2) in the case of corn, shall be not less than $3.49 per bushel of corn for the 1986 crop, and, for the 1987 through 1991 crops, shall be not less than a level that represents an increase of two parity index points over the previous crop's minimum loan level, or the level provided in the following table, whichever is less:

``for the 1987 crop...........	$3.59 per bushel
for the 1988 crop...........	3.69 per bushel
for the 1989 crop...........	3.79 per bushel
for the 1990 crop...........	3.89 per bushel
for the 1991 crop.........,,	3.99 per bushel.

``(3) in the case of feed grains other than corn, for each of the 1986 through 1991 crops, shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which loans are made available for corn

"MARKETING CERTIFICATES"

"SEC. 531. (a) At a time a producer of wheat or feed grains is assigned a farm marketing quota under section 512 of this title for any marketing year, the Secretary shall issue a marketing certificate to such producer for the crop of such commodity covered by such marketing year. The Secretary shall also issue marketing certificates to producers with a wheat or feed grain crop acreage base of less than 15 acres (producers not assigned a farm marketing quota) for such commodities to be produced on such crop acreage base for the crop covered by such marketing year.

"(b) A marketing certificate applicable to a marketing

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[redacted]

year issued to a producer of wheat, feed grains, or soybeans shall authorize such producer to market, barter, or donate, during such marketing year, an amount of such commodity equal to the farm marketing quota assigned to such producer (or, in the case of a producer not assigned a marketing quota because the producer's crop acreage base for the commodity crop is less than 15 acres, an amount of such commodity equal to the producer's production of the commodity on the acreage--if the acreage is ess than fifteen acres--planted to the commodity for harvest.

``(c) The Secretary shall adjust the amount of wheat or feed grains [redacted] that may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity that will be used for feed, human consumption, or other purposes on the farm of the producer.

``(d) If for any crop, the wheat or feed grains [redacted] that the producer harvests exceeds the amount of the commodity that may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty imposed under section 532 of this subtitle in the succeeding marketing year to the extent that (1) the total amount of such commodity available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the farm marketing quota, and (2) the total amount of such commodity available for marketing in the succeeding marketing year (that is, the sum of the amount of such commodity carried over and the amount of such commodity produced on the farm subject to a farm marketing quota in the succeeding marketing year) does not exceed the farm marketing quota for the succeeding marketing year.

``(e) Wheat or feed grains [redacted] harvested in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though such commodity is marketed prior to the date on which such marketing year begins.

``(f) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate.

``(g) If marketing quotas for a commodity are not in effect for any marketing year, all previous marketing certificates applicable to such commodity shall be terminated, effective as of the first day of such marketing year.

``PENALTIES

``SEC. 532. (a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

``(2) Except as provided in subsection (c) of this section, if a producer markets, barters, or donates a commodity without a marketing certificate required under section 532 of this subtitle or markets, barters, or donates an amount of a commodity for use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall--

``(A) assess a civil penalty against such producer in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated; or

``(B) decrease the number of acres of the producer's wheat or feed grain [redacted] crop acreage base such producer may devote to production under section 514 or 524 of this title for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

``(3) If a person knowingly purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 531 of this subtitle, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

``(b) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

``(c) If the Secretary determines that the penalties provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

``(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

``TRANSFER OF FARM MARKETING QUOTAS

``SEC. 534. Farm marketing quotas assigned to a farm under this title generally shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, the farm marketing quota assigned to a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer, and the Secretary may reallocate the amount of any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.

``CONSERVATION OF ACREAGE REMOVED FROM PRODUCTION

``SEC. 535. (a) A producer of a commodity shall devote to approved conservation uses all acreage of the farm's wheat or feed grain[redacted] crop acreage base that may not be devoted to the production of the commodity involved under the rules applicable to farm production acreages under sections 514 and 524 of this title.

``(b) The Secretary may make such adjustments in the amount of such acreage removed from production as the Secretary determines necessary to correct for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

``(c) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

``(d)(1) Any acreage removed from production may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation with wildlife agencies.

``(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of the practices designed to carry out the purposes of paragraph (1) of this subsection.

``(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

``(e)(1) A producer of a commodity shall execute an agreement with the Secretary that describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

``(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

``REGULATIONS

``SEC. 536. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

``COMMODITY CREDIT CORPORATION

``SEC. 537. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

``ADMINISTRATIVE PROVISIONS

``SEC. 538. The provisions of sections 361, 362, 363, 364, 365, 366, 367, 368, 372(d), 373, 374, 375, and 376 of the Agricultural Adjustment Act of 1938, as amended by section 452 of the Food Security Act of 1985, shall apply to the programs in effect under this title for any of the 1986 through 1991 crops of wheat and feed grains [redacted]''.

CONFORMING CHANGES

SEC. 452. (a) Effective for each of the 1986 through 1991 crops of wheat and feed grains [redacted], the Agricultural Adjustment Act of 1938 is amended by--

(1) in section 301(b)--

(A) in paragraph (6)(A), (A) striking out ``corn, cotton'' and inserting in lieu thereof ``feed grains, [redacted] cotton'' and (B) striking out ``corn and wheat'' and inserting in lieu thereof ``wheat and feed grains [redacted]''; and

(B) in paragraph (16)(A), striking out ``corn'' and inserting in lieu thereof ``feed grains''.

[redacted]

(2) in section 361, insert ``, and farm marketing quotas for wheat and feed grains[redacted] established under title V of the Agricultural Act of 1949'' after ``subtitle B'';

(3) in section 362, inserting ``or farm production acreages'' after ``acreage allotments'' in the first sentence, and inserting ``or farm production acreage'' after ``farm acreage allotment'' and ``or farm production acreage'' after ``such allotment'' in the second sentence;

(4) in section 363, striking out ``farm acreage allotment, the normal yield'' and inserting in lieu thereof ``farm acreage allotment, the farm production acreage, the normal yield, the program yield'';

(5) in section 372(d), inserting ``or title V of the Agricultural Act of 1949'' after ``this Act'' both places that phrase appears;

(6) in section 373--

(A) striking out ``corn, wheat'' both places that phrase appears in the first sentence of subsection (a) and inserting in lieu thereof ``wheat, feed grains[redacted]'';

(B) inserting ``and title V of the Agricultural

Act of 1949'' after ``this title'' in the second sentence of subsection (a); and

(C) in subsection (b), striking out ``corn, wheat'' and inserting in lieu thereof ``wheat, feed grains[redacted]'', and inserting ``and title V of the Agricultural Act of 1949'' after ``this title'';

(7) in section 374(c)--

(A) in the first sentence, inserting ``or within the farm production acreage'' after ``permitted acreage''; and

(B) in the second sentence, inserting ``or the applicable farm production acreage'' before ``has been exceeded'';

(8) in section 375(a), inserting ``other feed grains,'' [redacted] after ``corn'', and inserting ``or title V of the Agricultural Act of 1949'' after ``this title''; and

(9) in section 376, inserting ``and title V of the Agricultural Act of 1949'' after ``this title'' both places it appears.

(b) Effective for each of the 1986 through 1991 crops of wheat and feed grains, [redacted] section 401(c) of the Agricultural Act of 1949 (7 U.S.C. 1421(c)) is amended by inserting after the first sentence the following: ``Compliance by the producer with requirements under title V of this Act, if programs under title V are in effect for a crop, shall be required as a condition of price support.''.

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CONFORMING NUMBERS

[RICE REFERENDUM]

AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. WEAVER

Page 90, line 18, insert ``RICE,'' after ``FEED GRAIN,''.

Page 90, line 22, insert ``RICE,'' after ``FEED GRAINS,''.

Page 91, line 5, insert ``RICE,'' after ``GRAINS,''.

Page 91, lines 17 and 22 and page 92, line 5, insert ``rice,'' after ``feed grains,''.

Page 93, line 1, strike out ``and'' the first time it appears therein and insert in lieu thereof a comma, and insert ``, and Rice'' after ``Feed Grain''.

Page 93, line 3, strike out ``AND'' the first time it appears therein and insert in lieu thereof a comma, and insert ``, AND RICE'' after ``FEED GRAIN''.

Page 93, line 7, strike out ``wheat or feed grains, or both,'' and insert in lieu thereof ``wheat, feed grains, or rice, or any combination of such commodities,''.

Page 93, line 12, insert ``or a national marketing quota for rice'' before ``, as the case may be'', and strike out ``for both'' and insert in lieu thereof ``for any combination of such commodities''.

Page 93, line 20, and on page 94, lines 4, 5, 6, 11, and line 24, and on page 95, lines 2, 6, 8, 12, 13, 14, and 25, and on page 96, lines 2, 5, 6, 10, 14, 17, 22, 23, and 26, and on page 97, lines 4, 5, 6, 10, and 13, and on page 98, line 6, and on page 99, line 3, and on page 100, line 3, and on page 101, line 7, strike out ``wheat or feed grains'' and insert in lieu thereof ``wheat, feed grains, or rice''.

Page 98, line 4, strike out the period and insert in lieu thereof ``; and'', and immediately after line 4 insert the following new paragraph:

``(3) in the case of each crop of rice, shall be equal to 60 per centum of the farm's acreage base for rice, unless the Secretary estimates that, by the end of the marketing year for that crop of rice, ending stocks of rice will be 10 per centum or less of the total use of rice for the marketing year.

Page 98, lines 16 and 17, strike out ``wheat, feed grains, or both wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, or rice, or any combination of such commodities''.

Page 98, line 21, strike out ``and'' and insert in lieu thereof a comma, and insert ``, and rice'' after ``feed grain''.

Page 99, line 16, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and rice'', and on line 18, insert ``and 50 per centum or more of the producers of rice'' after ``feed grains''.

Page 99, line 22, strike out ``wheat or feed grains, or both,'' and insert in lieu thereof ``wheat, feed grains, or rice, or any combination of such commodities''.

Page 100, line 12, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and rice''.

Page 100, line 14, insert ``and 50 per centum or more of the producers of rice'' immediately after ``feed grains''.

Page 100, lines 23 and 24, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and rice''.

Page 101, line 1, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and rice''.

Page 102, line 8, strike out the period and insert in lieu thereof ``; and'', and after line 8 insert the following new paragraph:

``(4) in the case of rice, shall be not less than $13.50 per hundredweight for the 1986 crop, and, for each of the 1987 through 1991 crops of rice, shall be not less than a level that represents an increase of two parity index points over the prevous crop's minimum loan level.

Page 110, line 1, insert ``Rice,'' after ``Feed Grains,''.

Page 110, line 10, insert ``rice,'' after ``feed grain,''.

Page 110, line 16, insert ``rice,'' after ``feed grains,''.

Page 111, lines 1, 5, and 24, insert ``rice,'' after ``feed grains,''.

Page 113, line 4, insert ``rice,'' after ``feed grain,''.

Page 116, line 26, insert ``rice,'' after ``feed grains,''.

Page 117, line 15, insert ``rice,'' after ``feed grains,''.

Page 119, line 7, insert ``rice,'' after ``feed grains,''.

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AMENDMENT TO H.R. 2100

(TO BOOK 1 OF THE TEXT AS REPORTED BY SUBCOMMITTEE)

OFFERED BY MR. WEAVER

[illegible] p 105

Page 90, line 18, insert ``COTTON,'' after ``FEED GRAIN,''.

Page 90, line 22, insert ``COTTON,'' after ``FEED GRAINS,''.

Page 91, line 5, insert ``COTTON,'' after ``GRAINS,''.

Page 91, lines 17 and 22 and page 92, line 5, insert ``cotton,'' after ``feed grains,''.

Page 93, line 1, strike out ``and'' the first time it appears therein and insert in lieu thereof a comma, and insert ``, and Cotton'' after ``Feed Grain''.

Page 93, line 3, strike out ``AND'' the first time it appears therein and insert in lieu thereof a comma, and insert ``, AND COTTON'' after ``FEED GRAIN''.

Page 93, line 7, strike out ``wheat or feed grains, or

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both,`` and insert in lieu thereof ``wheat, feed grains, or cotton, or any combination of such commodities,``.

Page 93, line 12, insert ``or a national marketing quota for cotton`` before ``, as the case may be``, and strike out ``for both`` and insert in lieu thereof ``for any combination of such commodities``.

Page 93, line 20, and on page 94, lines 4, 5, 6, 11, and line 24, and on page 95, lines 2, 6, 8, 12, 13, 14, and 25, and on page 96, lines 2, 5, 6, 10, 14, 17, 22, 23, and 26, and on page 97, lines 4, 5, 6, 10, and 13, and on page 98, line 6, and on page 99, line 3, and on page 100, line 3, and on page 101, line 7, strike out ``wheat or feed grains`` and insert in lieu thereof ``wheat, feed grains, or cotton``.

Page 98, line 4, strike out the period and insert in lieu thereof ``; and``, and immediately after line 4 insert the following new paragraph:

``(3) in the case of each crop of cotton, shall be equal to 60 per centum of the farm's acreage base for cotton, unless the Secretary estimates that, by the end of the marketing year for that crop of cotton, ending stocks of cotton will be 10 per centum or less of the total use of cotton for the marketing year.

Page 98, lines 16 and 17, strike out ``wheat, feed grains, or both wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, or cotton, or any combination of such commodities''.

Page 98, line 21, strike out ``and'' and insert in lieu thereof a comma, and insert ``, and cotton'' after ``feed grain''.

Page 99, line 16, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and cotton'', and on line 18, insert ``and 50 per centum or more of the producers of cotton'' after ``feed grains''.

Page 99, line 22, strike out ``wheat or feed grains, or both,'' and insert in lieu thereof ``wheat, feed grains, or cotton, or any combination of such commodities''.

Page 100, line 12, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and cotton''.

Page 100, line 14, insert ``and 50 per centum or more of the producers of cotton'' immediately after ``feed grains''.

Page 100, lines 23 and 24, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and cotton''.

Page 101, line 1, strike out ``wheat and feed grains'' and insert in lieu thereof ``wheat, feed grains, and cotton''.

Page 102, line 8, strike out the period and insert in lieu thereof ``; and'', and after line 8 insert the following new paragraph:

``(4) in the case of cotton, shall be not less than 83 cents per pound for the 1986 crop, and, for each of the 1987 through 1991 crops of cotton, shall be not less than a level that represents an increase of two parity index points over the prevous crop's minimum loan level.

Page 117, line 15, insert ``cotton,'' after ``feed grains,''.

Page 119, line 7, insert ``cotton,'' after ``feed grains,''.

PROPOSAL FOR VOLUNTARY CERTIFICATE PROGRAM FOR WHEAT AND FEED GRAINS

Objective

The voluntary certificate proposal is intended to--

- assure that wheat and feed grain prices become competitive in the export market;
- allow livestock producers to grow and feed as much of their own grain as they wish;
- offer the opportunity for improved farm income; and
- keep farm spending within the levels required by the House-passed budget resolution.

Marketing Certificates

Producers of wheat and feed grains who voluntarily participate in annual acreage reduction programs would be eligible for (1) a non-recourse loan on their crops and (2) marketing certificates equal to the program yield x allowable planted acres for their farm.

All wheat and feed grains sold domestically (including imported grain) must be accompained by a marketing certificate. Producers who do not participate in acreage reduction programs may plant their entire wheat or feed grain acreage base. However, these producers could not receive a marketing certificate for their crop and thus would be required either to consume their production on their own farm (e.g., feed the grain to livestock) or sell the grain only for export at world prices.

Grain accompanied by a marketing certificate, if not sold domestically, would, if exported, be entitled to a subsidy equal to the difference between its domestic market value and the world price. The subsidy would be provided to the exporter as an in-kind payment from CCC stocks or in cash;

commodities provided as in-kind export subsidies must be exported.

Marketing certificates themselves would not be transferable except that the certificates would accompany grain that is bought and sold.

Acreage Reduction Requirements

The Secretary must announce the acreage reduction requirement for each commodity as he does under current law, taking into account likely program participation, estimated supply and demand, etc. Producer participation in each annual wheat or feed grain program would be voluntary.

The current soybean program would remain unchanged.

Minimum Price Support Loan Levels

The minimum level of non-recourse loans for wheat and feed grains would be $4.50/bushel for wheat and $3.25/bushel for corn for each year 1986 through 1989.

Export Subsidies

All wheat and feed grains that are exported -- and accompanied by a marketing certificate — would receive a cash or in-kind export subsidy. In-kind subsidies received by an exporter must be exported. The Secretary would be required to announce the value of the export subsidies daily, based on the difference between domestic and world prices for each commodity. The export subsidy would assure that our exports are sold at prevailing world market prices.

Farmers would enjoy the benefit of this export subsidy since their grain (accompanied by the certificate) would be worth more than non-certificate grain that is exported.

Cost

According to the Congressional Budget Office (CBO), the voluntary marketing certificate program would save $5.2 Billion over Fiscal Years 1986-88 (see attached). This amount compares to the $3.5 Billion savings estimated by CBO under the Foley/Marlenee provisions of the Commmittee Farm Bill.

DRAFT

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BEDELL PROPOSAL: MANDATORY SUPPLY CONTROL, 30 ARP WHEAT 20 ARP FEED GRAINS LOAN RATES 5.03 FOR WHEAT AND 3.49 FOR CORN INCREASING .14 AND .10 PER YEAR IN LATER YEARS.

CHANGE IN CCC OUTLAYS FROM BASELINE	1986	1987	1988	1989	1990	1986-88	1986-90
				(Millions of Dollars)			
FEED GRAINS	-263	-448	-270	143	1002	-981	164
WHEAT	-587	215	189	204	139	-183	160
TOTAL	-850	-233	-81	347	1141	-1164	324

BEDELL 2, SAME AS ABOVE EXCEPT LOAN RATES--4.50 FOR WHEAT AND 3.25 FOR CORN LOAN RATES DO NOT INCREASE IN LATER YEARS

CHANGE IN CCC OUTLAYS FROM BASELINE	1986	1987	1988	1989	1990	1986-88	1986-90
				(Millions of Dollars)			
FEED GRAINS	-263	-1107	-1601	-1514	-1656	-2971	-6141
WHEAT	-587	-688	-969	-699	-590	-2244	-3533
TOTAL	-850	-1795	-2570	-2213	-2246	$\boxed{-5215}$	-9674

AMENDMENT TO THE COMMITTEE PRINT (H.R. 2100)

By Mr. Bedell

On Page 105, after line 7, add a new section IVA as follows:

TITLE IVA—PRODUCER-APPROVED WHEAT AND FEED GRAIN [redacted] PROGRAMS

REFERENDA AND [redacted] PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT AND FEED GRAINS [redacted]

SEC. 451. Effective only for the 1986 through 1991 crops, the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended by adding at the end thereof a new title V as follows:

"TITLE V—REFERENDA [redacted] PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT (AND) FEED GRAINS [redacted]

"Subtitle A—Findings and Policy; Consumer Safeguards

"FINDINGS AND POLICY

"SEC. 501. (a) Congress finds that—

"(1) wheat (AND) feed grains [redacted] are essential agricultural commodities for the Nation, are produced throughout the United States by hundreds of thousands of farmers, and along with their products flow in substantial amounts through instrumentalities of interstate and foreign commerce from producers to consumers;

"(2) abnormally excessive and abnormally deficient supplies of wheat (And) feed grains [redacted] on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce; and

"(3) interstate and foreign commerce in wheat AND feed grains [redacted] and their products, should be protected from burdensome surpluses and disruptive shortages, a supply of the commodities should be maintained to meet domestic consumption needs and export demand, and soil and water resources of the Nation should not be squandered in the production of surplus burdensome supplies of the commodities.

"(b) It is hereby declared to be the policy of Congress that it is in the interest of the general welfare to assist in the marketing of wheat (AND) feed grains [redacted] for domestic consumption and export; to regulate interstate and foreign commerce in the commodities to the extent necessary to provide an orderly, adequate, and balanced flow of the commodities in interstate and foreign commerce; and to provide loans and other means to maintain farm income for producers of the commodities, reduce excess production, and enable consumers to obtain an adequate and steady supply of such commodities at fair prices.

"CONSUMER SAFEGUARDS

"SEC. 502. The powers conferred under this title shall not be used to discourage the production of supplies of food and animal feed sufficient to meet normal domestic and export needs, as determined by the Secretary. In carrying out the purposes of this title, the Secretary shall give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair both to producers and consumers.

"WHEAT AND FEED GRAIN REFERENDA

"Sec. 511.(a) The Secretary shall conduct a referendum by secret ballot of wheat and feed grain producers every two years to determine whether they favor or oppose the national marketing certificate program set forth in this title. In the case of the 1986 and 1987 crops, the refendum shall be conducted as soon as practicable after the date of enactment of the Food Security Act of 1985, but not later than February 1, 1986. For the 1988 and 1989 crops the referendum shall be conducted not later than July 1, 1987, and for the 1990 and 1991 crop years not later than July 1, 1989.

"(b) Any producer with a wheat or feed grain crop acreage base of fifteen or more acres for the then current crop, as determined under the Agricultural Efficiency and Equity Act of 1985, shall be eligible to vote in the referendum. For the purposes of this section, the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper. A landlord whose return from the crop is fixed regardless of the amount of the crop produced shall not be considered a producer.

"(c) The Secretary shall proclaim the results of any referendum held hereunder within fifteen days after the date of such referendum and if the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in the referendum voted for marketing certificates, the Secretary shall proclaim that marketing certificates will be in effect with respect to the crops of wheat and feed grains, or both, produced for harvest in the two calendar years following the years in which the referendum is held (or in the case of the referendum held not later than February 1, 1986, for crops harvested in 1986 and 1987).

"(d) In the event that marketing certificates are approved with respect to the 1986 crop of wheat and feed grains, the Secretary shall provide fair and equitable compensation to producers who planted a crop in excess of their farm production acreage prior to the proclamation by the Secretary that marketing certificates will be in effect with respect to that crop. Such compensation shall cover at a minimum the costs incurred by the producer for planting such crop, as determined by the Secretary.

"(e) If marketing certificates are not approved by producers in a referendum as provided for under this section, with respect to the crops harvested in the next two succeeding years, in lieu of such marketing certificates the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as provided for elsewhere in this Act.

"FARM MARKETING CERTIFICATES -- WHEAT

"Sec. 512.(a) Notwithstanding any other provision of law, subject to the approval of marketing certificates under section 511 of this title, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1989 crops of wheat for an amount of wheat produced on the farm equal to the acreage on the farm which may be planted to wheat for harvest as determined under subsections (c), (d), and (e) of section 107D of this Act times the farm program payment yield for the crop, except as otherwise provided in title V of this Act. Loans and purchases shall be made available during each of the four marketing years for such crops of wheat, beginning with the marketing year for the 1986 crop, except as otherwise provided in title V of this Act, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat: Provided, that the level of wheat loans and purchases for the 1986 through 1989 marketing years may not be less than $4.50 per bushel of wheat.

"(b)(1) The Secretary shall make available to producers marketing certificates for each of the 1986 through 1989 crops of wheat for which marketing certificates are in effect. The amount of such marketing certificates made available to a producer shall equal an amount of wheat produced on the farm equal to the acreage on the farm which may planted to wheat as determined under subsections (c), (d), and (e) of section 107D of this Act times the farm program payment yield for the crop.

"(2) A marketing certificate applicable to a marketing year issued to a producer of wheat shall authorize such producer to market, barter, or donate, during such marketing year an amount of such wheat equal to the amount of such marketing certificate. Wheat may not be marketed, bartered, or donated without a marketing certificate, except that wheat not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Wheat accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such wheat as provided in section 1125 of the Food Security Act of 1985.

"(4) If for any crop, wheat that the producer harvests exceeds the amount of the commodity that may be marketed, bartered or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty in the succeeding marketing year to the extent that (1) the total amount of such wheat available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producer for that crop, and (2) the total amount of such wheat available for marketing in the succeeding marketing year (that is, the sum of the amount of such wheat carried over and the amount of such wheat produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producer for the succeeding marketing year.

"(5) Marketing certificates made available to producers of wheat shall not be transferable, except to the extent that such certificates accompany wheat that is marketed, bartered, or donated under paragraph (2) of this subsection.

"(6) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year may not be marketed, except as provided in paragraph (2) of this subsection, prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of wheat from a producer in excess of the amount of wheat that may be marketed, barted, or donated by such producer under a marketing certificate, except that wheat which must be exported may be acquired as provided under paragraph (2) of this subsection.

"(8) If marketing certificates for wheat are not made available to producers for any marketing year, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"PENALTIES

"Sec. 513.(a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

"(2) Except as provided in subsection (c) of this section, if a producer markets, barters, or donates a commodity without a marketing certificate required under section 512 of this subtitle or markets, barters, or donates an amount of a commodity for use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall--

"(A) assess a civil penalty against such producer in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated, or

"(B) decrease the number of acres of the producer's wheat crop acreage base such producer may devote to production for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

"(3) If a person knowingly purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of a commodity that may be marketed, bartered, or donated by such producer under a marketing certificate issued under this title, the Secretary shall assess a civil penalty against such person in a amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalities provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"FARM MARKETING CERTIFICATES — FEED GRAINS

"Sec. 514.(a) Notwithstanding any other provision of law, subject to the approval of marketing certificates under section 511 of this title, the Secretary shall make available to producers on each farm loans and purchases for each of the 1986 through 1989 crops of feed grains for an amount of feed grains produced on the farm equal to the acreage on the farm which may be planted to feed grains for harvest as determined under subsections (c), (d), and (e) of section 105C of this Act times the farm program payment yield for the crop, except as otherwise provided in title V of this Act. Loans and purchases shall be made available during each of the four marketing years for such crops of feed grains, beginning with the marketing year for the 1986 crop, except as otherwise provided in title V of this Act, as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains: Provided, that the level of feed grains loans and purchases for the 1986 through 1989 marketing years may not be less than $3.25 per bushel of corn.

"(b)(1) The Secretary shall make available to producers marketing certificates for each of the 1986 through 1989 crops of feed grains for which marketing certificates are in effect. The amount of such marketing certificates made available to a producer shall equal an amount of feed grains produced on the farm equal to the acreage on the farm which may planted to feed grains as determined under subsections (c), (d) and (e) of section 105C of this Act times the farm program payment yield for the crop.

"(2) A marketing certificate applicable to a marketing year issued to a producer of feed grains shall authorize such producer to market, barter, or donate, during such marketing year an amount of such feed grains equal to the amount of such marketing certificate. Feed grains may not be marketed, bartered, or donated without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer, or may be sold for export.

"(3) Feed grains accompanied by a marketing certificate that is sold for export shall be eligible for an export incentive payment on such feed grains as provided in section 1125 of the Food Security Act of 1985.

"(4) If for any crop, feed grains that the producer harvests exceeds the amount of the commodity that may be marketed, bartered or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty in the succeeding marketing year to the extent that (1) the total amount of such feed grains available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificate made available to the producer for that crop, and (2) the total amount of such feed grains available for marketing in the succeeding marketing year (that is, the sum of the amount of such feed grains carried over and the amount of such feed grains produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producer for the succeeding marketing year.

"(5) Marketing certificates made available to producers of feed grains shall not be transferable, except to the extent that such certificates accompany feed grains that are marketed, bartered, or donated under paragraph (2) of this subsection.

"(6) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year may not be marketed, except as provided in paragraph (2) of this subsection, prior to the date on which such marketing year begins.

"(7) A person may not purchase or otherwise acquire an amount of feed grains from a producer in excess of the amount of feed grains that may be marketed, barted, or donated by such producer under a marketing certificate, except that feed grains which must be exported may be acquired as provided under paragraph (2) of this subsection.

"(8) If marketing certificates for feed grains are not made available to producers for any marketing year, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of such marketing year.

"PENALTIES

"Sec. 515.(a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

"(2) Except as provided in subsection (c) of this section, if any one ~~producer~~ markets, barters, or donates a commodity without a marketing certificate required under section 514 of this subtitle or markets, barters, or donates an amount of a commodity for use in excess of the amount of the commodity the person ~~producer~~ is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such person ~~producer~~ in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated, or

"(B) decrease the number of acres of the producer's feed grain crop acreage base such producer may devote to production for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

"(3) If a person knowingly purchases or otherwise acquires an amount of a commodity ~~from a producer~~ in excess of the amount of a commodity that may be marketed, bartered, or donated ~~by such producer~~ under a marketing certificate issued under this title, the Secretary shall assess a civil penalty against such person in a amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalities provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

On Page 240, line 16, amend clause (A) in paragraph (3) to read as follows:

"(A) shall provide agricultural commodities or cash, or both, under the program to the extent necessary, as determined by the Secretary (i) to counter or offset the adverse effect on United States exports of an agricultural commodity of export subsidies used by other countries to promote sales of that agricultural commodity, (ii) to reduce to world price levels, as determined by the Secretary, the cost to exporters (including the cost of acquisition, handling, and an amount which reflects a fair return to such exporters) of grain purchased for export by such exporters and accompanied by a marketing certificate as provided under title V of this Act, and".

BEDELL079

AMENDMENT TO COMMITTEE PRINT OF H.R. 2100
[DATED SEPTEMBER 3, 1985]
OFFERED BY MR. BEDELL

Page 322, after line 25, insert the following new subsection:

(c) Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended by adding at the end thereof the following new subsection:

``(e) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281-2289) shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.''.

Page 333, line 10, strike out ``$370,000,000'' and insert in lieu thereof ``$380,000,000''.

Page 333, line 11, strike out ``$380,000,000'' and insert in lieu thereof ``$400,000,000''.

Page 333, line 12, strike out ``$390,000,000'' and insert in lieu thereof ``$420,000,000''.

Page 340, line 1, insert ``, rehabilitation,'' after ``acquisition''.

Amendment to H.R. 2100
Offered by Mr. Marlenee

Page 268 after line 9, insert the following new subsection and redesignate subsequent subsections;

(d) The Secretary shall make available to the owner and operator prior to the time a contract is entered into under this section the plan that such owner and operator must comply with, including conservation measures and practices that are to be maintained by such owner and operator and whether or not agricultural products may be produced under what conditions on such highly erodible cropland, on the expiration of the term of the contract.

AMENDMENT TO H.R. 2100,
AS AGREED TO BY THE COMMITTEE
Offered by Mr. Stenholm

The provisions of H.R. 2100, as agreed to by the Committee, that are effective for the 1986 through 1989 crops or for four years, shall be made effective for the 1986 through 1990 crops or for five years, as the case may be. The provisions, as effective for the 1989 crop or for 1989, shall be applicable for the 1990 crop or for 1990, as applicable.

AMENDMENT TO THE AMENDMENT TO H.R. 2100, TITLE XI
(OFFERED BY MR. PANETTA)

offered by MR. BRUCE

On page 4, in line 23, before "developing" insert "friendly or".

In book 1, on page 247, after line 17, insert the following new section:

SEC. 1049. Section 423 of the Agricultural Act of 1949 (7 USC 1433b) is amended as follows:

(1) In section (a), by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities."

The amendment provides the Secretary authority to offer CCC stocks at reduced or no cost to enhance purchases of commodities for additional production of ethanol.

PROPOSED REPORT LANGUAGE
By Mr. Jones of Tennessee

The Department of Agriculture recently has indicated its intention to restrict eligibility for Farmers Home Administration insured farm operating loans to the Agency's existing borrowers after fiscal year 1985, and that no new borrowers will be allowed in the program after that time.

The level of funding authorized in H.R. 2100 for insured farm operating loans, and the discretion given to the Secretary to transfer funds between the insured and guaranteed accounts, should provide the necessary authority for the insured loan program to remain fully available to both existing and new FmHA borrowers. Under the present severely stressed conditions, the Committee intends that all farmers are able to access the FmHA insured operating loan program on an equal eligibility basis, whether they are existing borrowers from the agency or new borrowers.

WEAVER138

Jim Weaver

HLC

99TH CONGRESS
1ST SESSION

H. CON. RES. 185

IN THE HOUSE OF REPRESENTATIVES

Mr. WEAVER submitted the following concurrent resolution; which was referred to the Committee on

____

CONCURRENT RESOLUTION

Expressing the sense of the Congress in support of the efforts of the organizers of and participants in the Farmaid Concert to be held in Champaign, Illinois, to bring the current crisis in American agriculture to the attention of the American people.

WEAVER138

Whereas family farms have played a critical role in the history and development of the United States;

Whereas, during the first 6 months of 1985, more than 43,000 mortgages on farms in the United States have been foreclosed;

Whereas over 200,000 jobs have disappeared due to the decline in the farm economy;

Whereas it is paramount that the contribution of agriculture to the United States economy be recognized and protected; and

Whereas the Farmaid Concert will focus national attention on the plight of the American farmer: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the efforts of the organizers of and participants in the Farmaid Concert to be held in Champaign, Illinois, to bring the current crisis in American agriculture to the attention of the American people should be supported.

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, September 11, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Public Hearing

met at 10:10 a.m. o'clock, in Room 1302 Longworth House Office Building

for the purpose of reviewing agricultural credit conditions

The following Members were present:

Mr. Jones (Tenn.)
Mr. Weaver
Mr. Glickman
Mr. Daschle
Mr. Stenholm
Mr. Tallon
Mr. Evans (Ill.)
Mr. Thomas
Mr. Stallings
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.

Mr. Coleman
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:

Mr. Combest
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff Present:
Robert A. Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Bernie Brenner, Press Secretary
Jim Davis, Staff Assistant
Carol Dubard, Staff Assistant
Francie Monaghan, Staff Assistant
Glenda Temple, Clerk
Fred Clark, Staff Assistant

Witnesses:

1. Hon. Larry J. Hopkins, Member of Congress from Kentucky
2. Hon. Arlan Stangeland, Member of Congress from Minnesota
3. Hon. Pat Roberts, Member of Congress from Kansas
4. Hon. Cooper Evans, Member of Congress from Iowa
5. Hon. Timothy J. Penny, Member of Congress from Minnesota
6. Hon. Berkley Bedell, Member of Congress from Iowa
7. Hon. Ron Marlenee, Member of Congress from Montana
8. Hon. Tom Harkin, U.S. Senator from Iowa
9. Hon. Charles Grassley, U.S. Senator from Iowa
10. Hon. Bill Schuette, Member of Congress from Michigan
11. Hon. Virginia Smith, Member of Congress from Nebraska
12. Hon. Ike Skelton, Member of Congress from Missouri
13. Hon. Jim Leach, Member of Congress from Iowa
14. Hon. Doug Bereuter, Member of Congress from Nebraska
15. Hon. Byron Dorgan, Member of Congress from North Dakota
16. Hon. Hal Daub, Member of Congress from Nebraska
17. Hon. Jim Lightfoot, Member of Congress from Iowa
18. Panel:
    Mr. N. Rollie Lake, President, Communicating for Agriculture, Fergus Falls, Minnesota
    Mr. Vance Larson, President-Elect, National Turkey Federation, and President and General Manager, Larson Products, Sargeant, Minnesota
19. Panel:
    Mr. Jim Nichols, Commissioner of Agriculture, State of Minnesota, St. Paul, Minnesota
    Mrs. Jo Ann Smith, President, National Cattlemen's Association, Washington, D.C.
    Acc. by: Mr. John Ross, NCA Director for Tax, Finance, and Agricultural Policy, Washington, D.C.
20. Hon. Jim Slattery, Member of Congress from Kansas

Wednesday, September 11, 1985
Conservation, Credit, and Rural
Development Subcommittee
Public Hearing
Review agricultural credit
conditions

Witnesses Continued:

21. Panel:
    Mr. Bob Hendrix, Dyersburg Production Credit Association, Dyersburg, Tennessee
    Mr. Clif Cobb, Rolling Plains Production Credit Association, Rolling Plains, Texas
    Mr. Sam Lester, Southern Middle Tennessee Federal Land Bank Association, Murfreesboro, Tennessee
    Mr. Allen Olson, farmer, Winnebago, Nebraska
    Mr. Arnold Wienk, farmer, Lake Preston, South Dakota

Statements Submitted for the Record:

1. Hon. Bob McEwen, Member of Congress from Ohio

Chairman Jones (Tenn.) called the meeting to order for the purpose of receiving testimony on current agricultural credit conditions. Mr. Jones, as well as Messrs. de la Garza, Coleman, Glickman, Morrison, Thomas, Gunderson, Stenholm, and Evans (Iowa), made brief opening remarks on the need for the hearing.

The witnesses listed on pages 2 and 3 of these minutes were recognized for their prepared testimony on agricultrual credit conditions. Following their presentations, the witnesses were questioned by the Members of the Subcommittee.

The following special introductions were made: Mr. Jones (Tenn.) -- Messrs. Hendrix and Lester; Mr. Stenholm -- Mr. Cobb; and Mr. Daschle -- Mr. Wienk.

Without objection Mr. Stenholm was given permission to submit questions in writing to Mr. Cobb for inclusion in the hearing record. Without objection, on motion of Mr. de la Garza, the hearing record will be held open to receive additional testimony from Members of Congress and others wishing to submit statements for the record.

During the proceedings Chairman de la Garza of the full Committee shared chairing responsibilities with Mr. Jones (Tenn.). At 3:45 p.m. the meeting was adjourned to reconvene at 10:00 a.m. on Thursday, September 12, to receive additional testimony on agricultural credit conditions.

Glenda Temple
Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, September 12, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Meeting: Public Hearing

Subject: Review of agricultural credit conditions

Bill Nos.

The Conservation, Credit, and Rural Development (Sub) Committee met in open Session at 10:00 am o'clock, in Room 1302 LHOB.

The following Members were present:

Mr. Jones (Tenn.)
Mr. Weaver
Mr. Stenholm
Mr. Tallon
Mr. Evans (Ill.)
Mr. Thomas
Mr. Stallings
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.

Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Madigan
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:
Mr. English
Mr.
Mr.
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Staff present:

Bernie Brenner, Press Secretary
Mark Dungan, Minority Associate Counsel
Bob Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Glenda Temple, Clerk
Fred Clark, Staff Assistant

Witnesses:

1. Panel:
Mr. Tommy Willis of Brownsville, Tennessee, Executive Vice President, American Agriculture Movement, Inc., Washington, D.C.

Mr. Stewart Kohl, Executive Vice President, National Cooperative Business Association, in behalf of Morgan Williams, President, NCBA, Washington, D.C.

Mr. Robert J. Gray, Director of Policy Development, American Farmland Trust, Washington, D.C.

Mr. Fred Huenefeld, President, National Organization for Raw Materials, Monroe, Louisiana

2. Panel:
Mr. J. Eldon Hill, President and General Manager, Eastern Idaho PCA, Pocatello, Idaho

Acc. by: Mr. Johnson Hanson
Mr. Lafe Holbrook

Ms. Charlene Rieser, PCA borrower, HC 37, Box, Valentine, Nebraska 69201

Mr. John Bush, PCA borrower, Valentine, Nebraska 69201

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773—1m

Thursday, September 12, 1985
Conservation, Credit, and Rural
Development Subcommittee
Public Hearing
Review of agricultural credit
conditions

Chairman Jones (Tenn.) called the meeting to order for the purpose of continuing to receive testimony on current agricultural credit conditions. The witnesses listed on page 2 of these minutes were recognized for their prepared testimony. Following their presentations, the witnesses were questioned by the Members of the Subcommittee.

Special introductions were made as follows: Mr. Jones (Tenn.) -- Mr. Willis; Mr. Stallings -- Mr. Hill.

Permission was given for statements to be submitted for the record for witnesses who were not present when called. Without objection a copy of Project 1995 ordered to be made a part of the exhibits of the hearings and Members were urged to read the report.

During the proceedings three recesses were taken at 11:00 a.m., 12:00 noon, and 12:35 p.m. to enable Members to respond to recorded votes on the House floor. At 1:20 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, October 8, 1985

(Sub) Committee: Department Operations, Research, and Foreign Agriculture

Meeting: Public Hearing

Subject: Review of the export payment-in-kind (PIK) program announced by the Department of Agriculture

Bill Nos.

The Department Operations, Research, and Foreign Agriculture (Sub) Committee met in open Session at 9:35 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Bedell
Mr. Penny
Mr. Roberts
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Combest
Mr.
Mr.
Mr.
Mr.
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Staff present:

Phillip L. Fraas, Counsel
Bernard Brenner, Press Secretary
Howard Conley, Staff Economist
Tim Galvin, Subcommittee Staff Director
Diane Sligar, Staff Assistant
Gary Mitchell, Minority Consultant
Anita Brown, Staff Assistant
Glenda Temple, Hearing Clerk
Gene Moos, Subcommittee Staff Director

Witnesses:

1. Mr. Allan I. Mendelowitz, Associate Director, National Security and International Affairs Division, General Accounting Office, Washington, D.C.

   Acc. by: Mr. Phillip Thomas, Group Director, Trade, Energy and Finance Group, GAO
   Mr. Stanton Rothouse, Project Manager, Trade, Energy and Finance Group, GAO

2. Panel:

   Mr. Myron "Mike" Laserson, Executive Vice President, Continental Grain Company, and President, North American Export Grain Association, Washington, D.C.

   Mr. Sheldon J. Hauck, President, National Soybean Processors Association, Washington, D.C.

   Mr. Richard Fritz, Director, Market Analysis, U.S. Wheat Associates, Washington, D.C.

3. Panel:

   Mr. Varel Bailey, Immediate Past President,
   and
   Mr. George Anselm, Chairman for Legislative Affairs, and Vice President, Board of Directors, National Corn Growers Association 1015 15th Street, N.W., Washington, D.C. 20005

   Mr. J. Stephan Gabbert, Executive Vice President, Rice Millers' Association, Arlington, Virginia

Statements Filed:

1. U.S. Meat Export Federation, 1029 Vermont Avenue, N.W. #400, Washington, D.C. 20005

U.S. GOVERNMENT PRINTING OFFICE 81—84779-1[illegible]

Tuesday, October 8, 1985
Department Operations, Research,
  and Foreign Agriculture Subcommittee
Public Hearing
Review of the export payment-in-kind
  (PIK) program announced by USDA

Chairman Bedell called the meeting to order and made a brief opening statement on the need to review the export payment-in-kind (PIK) program of the U.S. Department of Agriculture. Mr. Roberts, the Ranking Minority Member of the Subcommittee, also made opening comments.

The witnesses listed on page 2 of these minutes were recognized for their prepared testimony on the subject. Following their presentations, the witnesses were questioned by the Members of the Subcommittee.

Chairman Bedell announced that due to the farm bill schedule on the floor the afternoon hearing would be postponed, whereupon at 11:55 a.m. the meeting was adjourned to reconvene at 9:00 a.m. on Thursday, October 10, to receive testimony from Administration witnesses.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, October 10, 1985

(Sub) Committee: Department Operations, Research, and Foreign Affairs

Meeting: Public Hearing

Subject: Review export payment-in-kind (PIK) program announced by USDA

Bill Nos.

The Department Operations, Research, and Foreign Agriculture (Sub) Committee met in open Session at 9:05 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Bedell
Mr. Penny
Mr. Volkmer
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Roberts
Mr. Evans (Iowa)
Mr. Combest
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Tim Galvin, Subcommittee Staff Director
Diane Sligar, Staff Assistant
Gary Mitchell, Minority Consultant
Anita Brown, Staff Assistant
Gene Moos, Subcommittee Staff Director
Glenda Temple, Hearing Clerk
Bernie Brenner, Press Secretary

Witnesses:

1. Hon. Daniel G. Amstutz, Under Secretary of Agriculture, U.S. Department of Agriculture, Washington, D.C.
2. Hon. Denis Lamb, Deputy Assistant Secretary, Bureau of Economic and Business Affairs, U.S. Department of State, Washington, D.C.

Statements Filed:

None

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Thursday, October 10, 1985
Department Operations, Research,
and Foreign Agriculture Subcommittee
Public Hearing
Review export payment-in-kind (PIK)
program announced by the USDA

Chairman Bedell called the meeting to order to receive testimony from Administration witnesses on the export payment-in-kind program announced by the U.S. Department of Agriculture. The witnesses listed on page 2 of these minutes were recognized for their prepared testimony, and following their presentations were questioned by the Members of the Subcommittee.

A number of Members had additional questions for the witnesses and it was decided that a further meeting would be scheduled to enable the Members to ask their questions; whereupon at 10:55 a.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple
Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, October 29, 1985

(~~Sub~~) Committee: Full

Public Hearing

met at 1:05 p.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of reviewing the effects of H. J. Res 372 (Gramm-Rudman) on Department of Agriculture programs

The following Members were present:

Mr. de la Garza
Mr. Jones (Tenn.)
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Huckaby
Mr. Glickman
Mr. Stenholm
Mr. Tallon
Mr. Thomas
Mr. Olin
Mr. Penny
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Stangeland
Mr. Emerson
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.
Mr.

Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
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Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff Present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Mark Dungan, Minority Associate Counsel
Bernie Brenner, Press Secretary
Howard Conley, Staff Economist
Glenda Temple, Hearing Clerk
William E. O'Conner, Jr., Assistant
Minority Staff Director

Witnesses:

1. Mr. Robert L. Thompson, Assistant Secretary for Economics, U.S. Department of Agriculture, Washington, D.C.

   Acc. by: Mr. Stephen Dewhurst, Director, Office of Budget and Program Analysis, USDA

   Mr. J. Michael Kelly, Acting General Counsel, USDA

U.S. GOVERNMENT PRINTING OFFICE 83—[illegible]

Tuesday, October 29, 1985
Full Committee
Public Hearing
To review the effects of H. J. Res. 372 (Gramm-Rudman) on Department of Agriculture programs

Chairman de la Garza called the meeting to order for the purpose of receiving testimony from the Administration on the effects of H. J. Res 372 (Gramm-Rudman debt reduction) on the programs of the Department of Agriculture. The witnesses listed on page 2 of these minutes were recognized for their presentation. Following the testimony of Mr. Thompson, the witnesses were questioned by the Members of the Committee.

During the proceedings recesses were taken at 1:25 and 2:40 p.m. to enable Members to respond to recorded votes on the House Floor. The Chairman advised that Members would be permitted to submit additional questions in writing and there was no objection. At 4:30 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, October 30, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Meeting: ~~Public Hearing~~

Subject: Review of agricultural credit problems and solutions

Bill Nos.

The Conservation, Credit, and Rural Development (Sub) Committee

met in open Session at 9:05 a.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. Jones, Tenn.
Mr. Weaver
Mr. Glickman
Mr. Daschle
Mr. Stenholm
Mr. Tallon
Mr. Thomas
Mr. Stallings
Mr. de la Garza
Mr. ex officio
Mr.
Mr.

Mr. Coleman
Mr. Jeffords
Mr. Morrison
Mr. Gunderson
Mr. Evans, Iowa
Mr. Franklin
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:

Mr. Stangeland
Mr. Hopkins
Mr. Combest
Mr. Schuette
Mr. Craig, Idaho
Mr. Bereuter
Mrs. Smith, Nebr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director
Susan Adkins, Minority Consultant
Jim Johnson, Staff Assistant
Fred Clark, Staff Assistant
Chuck Hilty, Minority Staff Director
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

1. Honorable Donald Wilkinson, Governor, Farm Credit Administration, McLean, Virginia
   Acc. by: Mr. Marvin Duncan, Senior Deputy Governor
   Mr. Larry W. Edwards, Deputy Governor and Chief Examiner
   Mr. Frederick Medero, General Counsel

2. Panel
   Mr. Ray Moss Tucker, Chairman, Farm Credit Council, Washington, D.C., and farmer of Finchville, Kentucky

   Mr. James A. Roll, Senior Vice President, Federal Farm Credit Banks Funding Corporation, New York, New York

   Mr. Gene L. Swackhamer, President, Farm Credit Banks of Baltimore, Baltimore, Maryland

3. Mr. Alan Tubbs, Chairman, Executive Committee, Agricultural Bankers Division, American Bankers Association, Washington, D.C.

4. Mr. Bud Gerhart, Chairman, Agriculture Committee, Independent Bankers Association of America, Washington, D.C., and President, First National Bank, Newman Grove, Nebraska

5. Mr. Frank P. Smeal, Partner and Member of Management Committee, Goldman, Sachs and Company, New York, New York

6. Panel
   Mr. Ky P. Ewing, Jr., Partner, Vinson and Elkins, Washington, D.C. on behalf of Grassroots: The National Association of Farm Credit Stockholders and The Federal Land Bank Associations of Texas Stockholders' Defense Fund

   Mr. Don Neal, Chairman, Stockholders Advisory Committee of Federal Land Bank Associations of Texas, Rochelle, Texas

   Mr. Luman Holman, Executive Director, Grassroots: The National Association of Farm Credit System Stockholders, Jacksonville, Texas

Statements Filed:

1. Hon. Doug Bereuter, Member of Congress from Nebraska

Wednesday, October 30, 1985
Conservation, Credit, and Rural
Development Subcommittee
Public Hearing
Review of agricultural credit
problems and solutions

Witnesses Continued

7. Panel

   Mr. Glenn Bellamy, Senior Vice President, Ameribanc, Inc., St. Joseph, Missouri

   Mr. Roy A. Seaberg, Jr., Chairman of the Board, Farm Credit Banks of Texas, Austin, Texas

   Mr. Robert A. Carson, Chairman of the Board, First South Production Credit Association, Jackson, Mississippi

   Mr. James Henry Gilfoil, III, Director of the First South Production Credit Association, Jackson, Mississippi

Chairman Jones (Tenn.) called the meeting to order for the purpose of reviewing agricultural credit problems and solutions and recognized the following Members for opening remarks: Mr. Coleman, Mr. Glickman, Mr. Evans (Iowa), Mr. Gunderson, and Mr. Jeffords.

The witnesses listed on pages 2 and 3 of these minutes were recognized for their prepared testimony on the subject. Following their presentations, the witnesses were questioned by the Members.

The Members were given permission to submit additional questions to the witnesses in writing to complete the hearing record.

During the proceedings recesses were taken at 12:35 p.m., 2:15 p.m., and 2:35 p.m. to enable Members to respond to recorded votes on the House Floor. At 5:35 p.m. the meeting was adjourned to reconvene at 9:00 a.m. on Thursday, October 31, to hear additionally scheduled witnesses.

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date October 30, 1985

(Sub) Committee: on Department Operations, Research and Foreign Agriculture and the Subcommittee on Livestock, Dairy and Poultry

met at 9:40 a.m. o'clock, in Room 1302 Longworth House Office Building

for the purpose of reviewing the International Trade Commission decision on import of swine and pork products from Canada.

The following Members were present:

Mr. Bedell
Mr. Coelho
Mr. English
Mr. Volkmer
Mr. Olin
Mr. Penny
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Roberts
Mr. Gunderson
Mr. Hopkins
Mr. Stangeland
Mr. Bob Smith (Oreg)
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Also Present

Mr. Bereuter
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff Present

John Conrad, Minority Consultant
Carol Ann Dubard, Staff Assistant
Timothy J. Galvin, Subcommittee Staff Director
Kathy Hughes, Staff Assistant
Gary R. Mitchell, Minority Consultant
Francie Monaghan, Staff Assistant
Courtney Pastrick, Staff Assistant
Charles Rawls, Subcommittee Staff Director
Kim Schnoor, Subcommittee Staff Director
Diane Sligar, Staff Assistant
Jeffrey Weiss, Staff Assistant

Witnesses:

1. Panel

Mr. James Phillips, Executive Committee Member, National Pork Producers Council, Drexel, Missouri

Mr. Gene Wachholtz, General Product Manager, Farmland Foods Inc., Kansas City, Missouri

Mr. Mark Roy Sandstrom, Partner, Thompson, Hine and Flory, Washington, D.C., and Counsel to the National Pork Producers Council

2. Panel

Mr. Robert Wray, Attorney, Robert Wray Associates, Washington, D.C.

Honorable Doug Bereuter, Member of Congress from Nebraska

Mr. Joseph W. Dorn, Attorney, Kilpatrick and Cody, Washington, D.C.

3. Panel

Mr. Don Gingerich, Past President, Iowa Pork Producers Association; Board Member, National Pork Producers Council

Mr. Robert Joslin, Vice President, Iowa Farm Bureau Federation, West Des Moines, Iowa

Statements Submitted for the Record

1. Honorable Thomas N. Kindness, Member of Congress from Ohio

U.S. GOVERNMENT PRINTING OFFICE 1985 46-201 (64)

Wednesday, October 30, 1985
Department Operations, Research and Foreign
Agriculture Subcommittee, and Livestock,
Dairy and Poultry Subcommittee
Public Hearing
Review of the International Trade Commission
decision on import of swine and pork products
from Canada

Chairman Bedell called the meeting to order at 9:40 a.m. for the purpose of reviewing the International Trade Commission decision on import of swine and pork products from Canada. Mr. Bedell, as well as Messrs. Coelho, Volkmer, Olin, and Roberts made brief opening remarks on the need for the hearing.

The witnesses listed on page 2 of these minutes were recognized for their prepared testimony; and following their presentations were questioned by the members of the Subcommittees.

During the proceedings the members of the Subcommittees agreed to invite the five commissioners of the International Trade Commission to appear informally to discuss agricultural trade issues in general. In addition they proposed to ask the Congressional Research Service to prepare an analysis of current statutes and legislative history under which the International Trade Commission operates, and to do a review of the criteria which other countries use to determine injury to their domestic industries.

At 11:55 a.m. the meeting was adjourned subject to the call of the Chair.

Francie Monaghan
Francie Monaghan

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, October 31, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Meeting: Public Hearing

Subject: Review of agricultural credit problems and solutions

Bill Nos.

The Conservation, Credit, and Rural Development (Sub) Committee met in open Session at 9:00 a.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. Jones (Tenn.)
Mr. Weaver
Mr. Glickman
Mr. Daschle
Mr. Stenholm
Mr. Tallon
Mr. Thomas
Mr. Stallings
Mr. de la Garza
Mr. ex officio
Mr.
Mr.

Mr. Coleman
Mr. Jeffords
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:

Mrs. Smith
Mr. Penny
Mr. Olin
Mr. Bedell
Mr. Huckaby
Mr. Schuette
Mr. Volkmer
Mr. Alexander
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Robert T. Lowerre, Associate Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director

Jim Johnson, Staff Assistant
Glenda Temple, Hearing Clerk
Francie Monaghan, Staff Assistant
Fred Clark, Staff Assistant
Susan Adkins, Minority Consultant
Charles Hilty, Minority Staff Directo
William E. O'Conner, Jr. Assistant Minority Staff Director

Witnesses:

1. Honorable Terry E. Branstad, Governor, State of Iowa, Des Moines, Iowa

2. Honorable Frank Naylor, Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

3. Hon. Bill Alexander, Member of Congress from Arkansas

4. Panel 1
   Honorable Hubert H. Humphrey, III, Attorney General of Minnesota, St. Paul, Minnesota

   Honorable Tom Miller, Attorney General of Iowa, Des Moines, Iowa

5. Panel 2
   Mr. Cy Carpenter, President, National Farmers Union, St. Paul, Minnesota

   Mr. Rene E. Niese, Treasurer and Trust Administrator, National Farmers Organization, Corning, Iowa

   Mr. Robert B. Delano, President, American Farm Bureau Federation, Washington, D.C.

   Mr. Ben F. Morgan, Chairman of the Board, National Council of Farmer Cooperatives, Washington, D.C.

6. Panel 3
   Mr. Norman Barker, President, National Milk Producers Federation, Arlington, Virginia

   Mr. Irvin J. Elkin, President, Associated Milk Producers, Inc., San Antonio, Texas

   Mr. Derryl McLaren, Board Member, National Corn Growers Association, Washington, D.C.

   Mr. Jim Billington of Oklahoma, representing the National Wheat Growers Association, Washington, D.C.

Statements Filed:

1. Honorable Robert T. Stephan, Attorney General of Kansas

[illegible]

Thursday, October 31, 1985
Conservation, Credit, and Rural
Development Subcommittee
Public Hearing
Review of agricultural credit
problems and solutions

Witnesses Continued

Mr. John Ross, National Cattlemen's Association, Washington, D.C.

Mr. Lloyd Cline, Vice President, National Cotton Council, Washington, D.C.

7. Panel 4
Dr. Barry M. Casper, Director, Crisis in Agriculture Project, Carleton College, Northfield, Minnesota

Mr. Paul Wellstone of Northfield Minnesota, representing Mr. Daniel Levitas, Prairiefire Rural Action and Iowa Farm Unity Coalition, Des Moines, Iowa

Mr. Richard Dailey, Family Farm Organizing Resource Center, St. Paul, Minnesota

Mr. Tom Saunders, Wisconsin Farm Unity Alliance, Prairie Farm, Wisconsin

8. Panel 5
Mr. Gene Severens, Center for Rural Affairs, Walthill, Nebraska

Mr. Duane Sand, Iowa Natural Heritage Foundation, Des Moines, Iowa

Mr. Mark Bredemeier, Gulf and Great Plains Legal Foundation, Kansas City, Missouri

Mr. Roger B. Sledd, Attorney, Paris, Kentucky

Chairman Jones (Tenn.) called the meeting to order for the purpose of continuing to receive testimony on the current farm credit situation. The witnesses listed on pages 2 and 3 of these minutes were recognized for their prepared statements and following their presentations were questioned by the Members of the Subcommittee.

The following special introductions were made: Mr. Penny -- Attorney General Humphrey; Mr. Evans (Iowa) -- Governor Branstad and Attorney General Miller.

During the proceedings recesses were taken at 10:12 a.m., 1:07 p.m., and 3:15 p.m. to enable Members to respond to recorded votes on the House Floor. At 5:40 p.m. the meeting was adjourned to reconvene subject to the call of the Chair.

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Friday, November 1, 1985

(Sub) Committee: Tobacco and Peanuts

Meeting: Public Hearing

Subject: Review of tobacco referendum; AMS investigation of illegal seed exports; non-auction warehouse sales of tobacco

Bill Nos.

The Tobacco and Peanuts (Sub) Committee met in open Session at 10:45 am o'clock, in Room 1302 LHOB.

The following Members were present:

Mr. Rose
Mr. Hatcher
Mr. Tallon
Mr. Thomas
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Hopkins
Mr. Combest
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Bernie Brenner, Press Secretary
Joan Rose, Staff Assistant
Heidi Pender, Subcommittee Staff Director
Glenda Temple, Clerk
Rick Kirchhoff, Minority Consultant

Witnesses:

1. Mr. Earle J. Bedenbaugh, Deputy Administrator for State and County Operations, U.S. Department of Agriculture, Washington, D.C.

Acc. by: Mr. Lionel Edwards, Director, Tobacco Division, Agricultural Marketing Service, USDA

Mr. Jay W. York, Acting Director, Tobacco Division, Agricultural Stabilization and Conservation Service, USDA

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1

Friday, November 1, 1985
Tobacco and Peanuts Subcommittee
Public Hearing
Review of tobacco quota referendum;
AMS investigation of illegal seed
exports; and problems related to
non-auction warehouse sales of
tobacco

Chairman Rose called the meeting to order and recognized the Administration witnesses for their testimony on the tobacco quota referendum, the Agricultural Marketing Service investigation of illegal seed exports, and problems related to non-auction warehouse sales of tobacco. Following their presentation the witnesses were questioned by the Members of the Subcommittee.

During the proceedings a recess was taken at 11:15 a.m. to enable Members to respond to a recorded vote on the House floor. At 11:55 a.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, November 5, 1985

(Sub) Committee: Department Operations, Research, and Foreign Agriculture

Meeting: Public Hearing

Subject: Review of the export payment-in-kind (PIK) program announced by the Department of Agriculture

Bill Nos.

The Department Operations, Research, and Foreign Agriculture (Sub) Committee

met in open Session at 9:35 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Bedell
Mr. Volkmer
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Roberts
Mr. Gunderson
Mr. Evans (Iowa)
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:

Mr. Bereuter
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Bernard Brenner, Press Secretary
Tim Galvin, Subcommittee Staff Director
Diane Sligar, Staff Assistant
Glenda Temple, Clerk
Gary Mitchell, Minority Consultant

Witnesses:

1. Hon. Doug Bereuter, Member of Congress from Nebraska
2. Mr. Daniel G. Amstutz, Under Secretary for International Affairs and Commodity Programs, U.S. Department of Agriculture, Washington, D.C.
3. Ms. Suzanne Early, Assistant U.S. Trade Representative for Agriculture and Commodity Policy, Office of the United States Trade Representative, Washington, D.C.

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—[illegible]

Tuesday, November 5, 1985
Department Operations, Research,
and Foreign Agriculture Subcommittee
Public Hearing
Review of the export payment-in-kind
(PIK) program announced by the
Department of Agriculture

Chairman Bedell called the meeting to order to continue reviewing the export payment-in-kind program announced by the Department of Agriculture. Congressman Bereuter was recognized for his statement and following his presentation was questioned by the Members of the Subcommittee.

Since the Administration had presented testimony at the Subcommittee's previous hearing, the representatives of the Department of Agriculture and Office of the United States Trade Representative made themselves available to respond to questions of the Members.

At 11:30 a.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Wednesday, November 13, 1985

(Sub) Committee: Forests, Family Farms, and Energy

Meeting: Public Hearing and Business Meeting

Subject: Land conveyance in New York State

Bill Nos. H.R. 2976

The Forests, Family Farms, and Energy (Sub) Committee

met in open Session at 10:20 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Whitley
Mr. Weaver
Mr. Olin
Mr. Stallings
Mr. Panetta
Mr. Hatcher
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Morrison
Mr. Marlenee
Mr. Chappie
Mr. Smith
Mr. Schuette
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:
Mr. Lundine
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Bernard Brenner, Press Secretary
Charles Rawls, Subcommittee Staff Director
John Conrad, Minority Consultant
Glenda Temple, Clerk

Witnesses:

1. Hon. Stan Lundine, Member of Congress from New York.
2. Mr. Gary E. Cargill, Associate Deputy Chief, U.S. Forest Service, Department of Agriculture, Washington, D.C.

   Acc. by: Mr. David Simpson, Chief, Branch of Lands,
   Bureau of Land Management, Eastern States
   Office, U.S. Forest Service

Statements Filed:

1. Mr. Michael Messick, Pastor, Bellville Wesleyan Church, Caneadea, New York

[illegible]

Wednesday, November 13, 1985
Forests, Family Farms, and Energy
  Subcommittee
Public Hearing and Business Meeting
Land conveyance in New York State
H.R. 2976

Chairman Whitley called the meeting to order for the purpose of receiving testimony on H.R. 2976, a bill to direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey United States mineral interests in the parcel to New York State.

The witnesses listed on page 2 of these minutes were recognized for their prepared testimony on the legislation. Following their presentations, the witnesses were questioned by the Members of the Subcommittee.

Business Meeting

At 10:40 a.m. the Subcommittee, following the hearing, met in an open business session for consideration of H.R. 2976 (copy attached). Discussion occurred and Mr. Morrison moved to report H.R. 2976 to the full Committee with the recommendation that it do pass. By a voice vote the motion was agreed to in the presence of a quorum.

At 10:45 a.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

Glenda Temple

99TH CONGRESS
1ST SESSION

H. R. 2976

To direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey United States mineral interests in the parcel to New York State.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 1985

Mr. LUNDINE introduced the following bill; which was referred to the Committee on Agriculture

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A BILL

To direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey United States mineral interests in the parcel to New York State.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) Upon compliance by the State of New York with the requirements contained in section 3 of this Act, the Secretary of Agriculture shall release on behalf of the United States the condition described in subsection (b) of this section with respect to the parcel of land described in section 4 of this Act.

(b) The condition to be released pursuant to subsection (a) of this section is the condition (contained in a quitclaim deed dated July 28, 1961, which conveys from the United States to the State of New York certain land in Allegany County and which was recorded on May 23, 1962, in the office of the Allegany County Clerk in the Book of Deeds 546 at page 632) providing that the land conveyed be used for public purposes and that the land revert to the United States if it is not used for public purposes.

(c) Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) is inapplicable to the release provided for by subsection (a) of this section.

SEC. 2. Upon application by the State of New York and compliance by the State with the requirements contained in section 3, the Secretary of the Interior shall convey to the State of New York—

(1) without compensation, all the undivided mineral interests of the United States in the parcel of land described in section 4 for which the Secretary of the Interior determines that there is no active mineral development or leasing and that there is no fair market value; and

(2) upon payment to the United States of an amount equal to the fair market value (as determined by the Secretary of the Interior) of such mineral inter-

ests, all the undivided mineral interests of the United States in the parcel of land described in section 4 which are not subject to paragraph (1) of this section.

SEC. 3. Before the condition described in subsection (b) of section 1 may be released pursuant to subsection (a) of that section or any mineral interest may be conveyed pursuant to section 2, the State of New York must—

(1) sign an agreement with the Secretary of Agriculture stating that the State of New York will convey the parcel of land described in section 4 to the Bellville Wesleyan Church of rural Caneadea, New York, for a fair and equitable consideration; and

(2) pay into the Treasury of the United States as miscellaneous receipts a sum of money which the Secretary of Agriculture and the Secretary of the Interior jointly deem is sufficient to provide for the administrative costs—

(A) of determining the existence of mineral interests in the parcel of land described in section 4;

(B) of establishing the fair market value of the mineral interests located in that parcel of land;

(C) of releasing the condition pursuant to section 1; and

(D) of conveying that parcel of land pursuant to section 2.

SEC. 4. The parcel of land with respect to which the condition is to be released pursuant to section 1 and which contains the undivided mineral interests to be conveyed pursuant to section 2 is a tract of land of approximately 5.8 acres located in great lot 55 as depicted by tax map 102 of the town of New Hudson, New York, and is part of the land conveyed by the deed referred to in subsection (b) of section 1. The boundary of the parcel begins at a point 883.08 feet south of the northeast corner of great lot 55 at the center line of Bogan Road; thence south a distance of 288.42 feet to a point; thence west along the boundary of a parcel of land owned by the Bellville Wesleyan Church a distance of 165 feet to a point; thence south along the boundary of such parcel a distance of 99 feet to a point; thence west a distance of 495 feet to a point; thence north a distance of 387.42 feet to a point; thence east a distance of 660 feet to the place of beginning.

○

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Monday, November 18, 1985

(Sub) Committee: Department Operations, Research, and Foreign Agriculture

Meeting: Public Hearing

Subject: Federal Food Irradiation Development and Control Act

Bill Nos. H.R. 696

The Department Operations, Research, and Foreign Agriculture (Sub) Committee

met in open Session at 9:15 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Bedell
Mr. Brown
Mr. Panetta
Mr. Penny
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Roberts
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr.
Mr.
Mr.
Mr.
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Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Bernard Brenner, Press Secretary
Tim Galvin, Subcommittee Staff Director
Gary Mitchell, Minority Consultant
Glenda Temple, Clerk

Witnesses:

1. Honorable Tom Harkin, U.S. Senator from Iowa.

2. Dr. Donald Houston, Administrator, Food Safety and Inspection Service, U.S. Department of Agriculture, Washington, D.C.
   Acc. by: Dr. Terry B. Kinney, Administrator, Agricultural Research Service, USDA
   Mr. Bill Helms, Animal and Plant Health Inspection Service, USDA
   Mr. Harold Reuben, Deputy Assistant General Counsel, USDA

3. Dr. Frank E. Young, Commissioner, Food and Drug Administration, Department of Health and Human Services, Rockville, Maryland
   Acc. by: Dr. Sanford A. Miller, Director, Center for Food Safety and Applied Nutrition, FDA
   Mr. Tom Scarlett, Chief Counsel, FDA
   Mr. John Norris, Deputy Commissioner, FDA

4. Panel:
   Mr. Robert Alvarez, Environmental Policy Institute, Washington, D.C.
   Ms. Kathleen M. Tucker, Executive Director, Health and Energy Institute, Washington, D.C.
   Dr. Catherine J. Frompovich, President, Coalition for Alternatives in Nutrition and Healthcare, Inc., Richlandtown, Pennsylvania

5. Panel:
   Mr. J. Richard Graves, Chairman, Government Relations Committee, United Fresh Fruit and Vegetable Association, Alexandria, Virginia
   Dr. C. Donald Van Houweling, Director of Government Affairs, National Pork Producers Council, Des Moines, Iowa
   Mr. Lawrence T. Graham, Executive Vice President of Public Affairs, National Food Processors Association, Washington, D.C.

--Continued--

Statements Filed:

1. Hon. Leon Panetta, Member of Congress from California

2. Dr. Norman A. Welt, Chairman, President, and Chief Executive Officer, Radiation Technology, Inc., Rockaway, New Jersey 07866

3. Ms. Barbara Keating-Edh, President, Consumer Alert, 1024 J Street, Modesto, California 95354

4. Ms. Ida Honorof, 2901 Los Flores, Blvd., Lynwood, California 90262

U.S. GOVERNMENT PRINTING OFFICE 81--84773-100

Monday, November 18, 1985
Department Operations, Research,
and Foreign Agriculture Subcommitte
Public Hearing
Federal Food Irradiation Development
and Control Act
H.R. 696

Witnesses Continued:

Dr. Harry C. Mussman, Chairman, Coalition for Food Irradiation, Washington, D.C.
Dr. A. Harold Lubin, Director, Department of Personal Health Program/Food and Nutrition, American Medical Association, Chicago, Illinois
Acc. by: Mr. Thomas Wolff

Chairman Bedell called the meeting to order and recognized Senator Harkin for his prepared testimony on H.R. 696. Following his presentation, Senator Harkin was questioned by the Members of the Subcommittee.

Chairman Bedell, Mr. Roberts and Mr. Morrison then made opening comments on the need for the hearings and the legislation. Following the Committee statements, the remaining witnesses listed on pages 2 and 3 were recognized for their testimony on the Federal Food Irradiation Development and Control Act. The witnesses were questioned by the Members of the Subcommittee as appearing in the record.

At 12:20 p.m. the meeting was adjourned to reconvene at 2:00 p.m. this date to receive testimony from additionally scheduled witnesses.

Glenda Temple
Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Monday, November 18, 1985

(Sub) Committee: Department Operations, Research, and Foreign Agriculture

Meeting: Public Hearing - P.M.

Subject: Federal Food Irradiation Development and Control Act

Bill Nos. H.R. 596

The Department Operations, Research, and Foreign Agriculture (Sub) Committee met in open Session at 2:00 p.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Bedell
Mr. Brown
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Roberts
Mr. Morrison
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Staff present:

Tim Galvin, Subcommittee Staff Director
Gary Mitchell, Minority Consultant
Bernie Brenner, Press Secretary
Glenda Temple, Clerk
Anita Brown, Staff Assistant

Witnesses:

1. Panel:
   Mr. Denis Mosgofian, National Coalition to Stop Food
   Irradiation, San Francisco, California
   Mr. Bernard Fensterwald, III, Legislative Counsel, National
   Nutritional Foods Association, Arlington, Virginia
   Mr. Clinton Ray Miller, Legislative Advocate, National Health
   Federation, Alexandria, Virginia

2. Panel:
   Dr. William W. Marion, Executive Vice President, Council on
   Agricultural Science and Technology, and Co-chair,
   Institute of Food Technologists, Ames, Iowa
   Dr. Ari Brynjolfsson, Member, Council on Agricultural Science
   and Technology, Ames, Iowa

3. Panel:
   Mr. Jack, Ransohoff, Neutron Products, Inc., Dickerson, Maryland
   Ms. Marjorie Hecht, Fusion Energy Foundation, Leesburg, Virginia

Statements Filed:

1. Mr. Brion Sprinsock, Director, Santa Cruz Coalition to
   Stop Food Irradiation, Box 5183, Santa Cruz, California 95063

2. Ms. Lyn Dinelli, Citizens Against a Radioactive Dublin,
   6979 Portage Road, Dublin, California 94568

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Monday, November 18, 1985
Department Operations, Research, and
Foreign Agriculture Subcommittee
Public Hearing - P.M.
Federal Food Irradiation Development
and Control Act
H.R. 696

Chairman Bedell called the meeting to order for the purpose of continuing to receive testimony on H.R. 696, the Federal Food Irradiation Development and Control Act of 1985, and related legislation. The witnesses listed on page 2 of these minutes were recognized for their prepared statements on the subject. Following their presentations, the witnesses were questioned by the Members of the Subcommittee.

At 4:25 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Tuesday, November 19, 1985

(~~Sub~~) Committee: Full

Meeting: Business

Subject: Land conveyance in New York State

Bill Nos. H.R. 2976

The Full (~~Sub~~) Committee

met in open Session at 2:10 p.m. o'clock, in Room 1300 LHOB

The following Members were present:

Mr. Jones (Tenn.)
Mr. Rose
Mr. Bedell
Mr. English
Mr. Whitley
Mr. Daschle
Mr. Stenholm
Mr. Staggers
Mr. Olin
Mr. Penny
Mr. Bruce
Mr. de la Garza

Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Coleman
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Mark Dungan, Minority Associate Counsel
Charles Rawls, Subcommittee Staff Director
John Conrad, Minority Consultant
Glenda Temple, Clerk
William E. O'Conner, Jr., Assistant Minority Staff Director
Bernie Brenner, Press Secretary

Witnesses:

None

Statements Filed:

U.S. GOVERNMENT PRINTING OFFICE 81—84773-1m

Tuesday, November 19, 1985
Full Committee
Business Meeting
Land conveyance in New York State
H.R. 2976

Action Taken:

-- Without objection Morrison perfecting amendment agreed to.

-- By voice vote H.R. 2976, as amended, ordered reported to House in the presence of a quorum.

Chairman de la Garza called the meeting to order for the purpose of considering H.R. 2976, a bill to direct the Secretary of Agriculture to release the condition requiring that a parcel of land conveyed to New York State be used for public purposes and to convey U.S. mineral interests in the parcel to New York State. (Copy attached.)

Mr. Whitley, Chairman of the Subcommittee on Forests, Family Farms, and Energy, was recognized to explain the provisions of the bill as reported by the Subcommittee. Mr. Morrison, the Ranking Minority Member of the Subcommittee, also explained certain provisions of the bill.

Mr. Morrison offered the attached perfecting amendment to section 3 of the bill to make the first condition follow procedures used in previously agreed upon principles of land conveyance. Discussion occurred and without objection the amendment was agreed to.

Mr. Whitley moved that H.R. 2976, as amended, be ordered reported to the House with the recommendation that it do pass. By a voice vote the motion was agreed to in the presence of a quorum.

Staff was given authority to make any needed technical or clerical changes.

At 2:20 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple
Glenda Temple

H.R. 2976

SHORT EXPLANATION

H.R. 2976 would remove a reversionary interest from 5.8 acres contained in a deed conveying a larger tract of land from the United States to the State of New York.

The bill directs the Secretary of Agriculture to release the U.S.-held reversionary interest in the 5.8 acres and the Secretary of the Interior to convey any mineral interests if the State of New York agrees to convey the parcel to the Bellville Wesleyan Church for a fair and equitable consideration. The State would also be required to pay the administrative costs incurred by the Federal Government for the release and for conveying the mineral interests, if any.

PURPOSE AND NEED

The land in question lies in southwestern New York State, about 80 miles northeast of Jamestown. It was acquired by the Federal Government in the late nineteen thirties under authority of Title III of the Bankhead-Jones Farm Tenant Act of 1937 as a rural resettlement area and became a part of a Land Utilization Project, LU-NY-5, with an original area of 3,647 acres. The land was conveyed by quitclaim deed to New York State in 1961 for one dollar on the condition that it be used for public purposes, and if it ceased to be so used it would revert to the United States. The mineral interests were reserved to the United States. The entire tract is now administered by the State Department of Environmental Conservation as part of the Hanging Bog Wildlife Management Area.

The 5.8 acre parcel in question has been managed by the State as part of the larger Hanging Bog Game Management Area. The tract is adjacent to the existing Bellville Wesleyan Church property, but it is not physically connected to the rest of the Game Management Area. A public highway separates the parcel from the rest of the Game Management Area. This small tract is not used in any significant way by the Game Management Area because of its location and size.

In 1976 the State of New York authorized the conveyance of the 5.8 acre parcel to the Bellville Wesleyan Church. Chapter 769 of the Laws of New York, 1976, authorizes the commissioner of general services, on consent of the commissioner of environmental conservation and upon release from the Federal government to transfer and convey to the Bellville Wesleyan Church certain State lands described in section two of the Act for the purpose of constructing, operating, or providing a septic system, water system, and/or parking facilities. This law further provides that the conveyance is to be made at such time and upon such terms and conditions as the commissioner of general services may fix and determine, including payment of such consideration as the commissioner of general services determines to be fair and equitable and with the approval of the director of the budget.

SECTION-BY-SECTION ANALYSIS

Section 1(a) of H.R. 2976 provides that the Secretary of Agriculture shall release on behalf of the United States the condition described in subsection (b) on the parcel of land described in section 4, once the State of New York has complied with the requirements contained in section 3 of the bill.

Section 1(b) describes the condition in the deed dated July 28, 1961, providing that the land revert to the United States if it is not used for public purposes.

Section 1(c) exempts the release of the reversionary intent from section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 101(c)), which requires that property acquired under this authority be sold or granted only to public authorities and agencies and only on condition that the property is used\ for public purposes.

Section 2 requires the Secretary of Interior to convey to the State of New York, upon application --

(1) Without compensation, all undivided mineral interests of the United States in the parcel, if the Secretary determines there is no active mineral development or leasing and there is no fair market value; and

(2) Upon payment to the United States an amount equal to the fair market value for all undivided mineral interests of the U.S. for which there is market value.

Section 3 provides that before the section 1(b) condition is released or the conveyance of any mineral interests pursuant to section 2, the State of New York must --

(1) Sign an agreement with the Secretary of Agriculture to convey the parcel to the church for a fair and equitable consideration;

(2) Pay the administrative costs of the Secretaries of Agriculture and Interior in the determination, valuation, and conveyance of the mineral interests in the parcel, and release of the reversionary interest.

Section 4 provides a legal description of the 5.8 acre tract to be conveyed to the Bellville Wesleyan Church.

Amendment to H.R. 2976

Offered by Mr. Morrison

Page 3, strike lines 8 through 12 and insert in lieu thereof the following:

"(1) sign an agreement with the Secretary of Agriculture stating that the State of New York will ~~not~~ convey the parcel of land described in section 4 of the Act --

~~(A) except~~ to the Bellville Weslayan Church of rural Caneadea, New York, for a fair and equitable consideration; and deposit the proceeds of such conveyance ~~(B) unless the proceeds of such disposal are deposited and held~~ in an account open to inspection by the Secretary of Agriculture, and used, if withdrawn from such account, exclusively for public purposes ~~such as resource conservation~~; and"

U.S. House of Representatives
Committee on Agriculture
Washington, D.C. 20515

MINUTES

Date Thursday, November 21, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Meeting: Public Hearing

Subject: Farm Credit Act Amendments of 1935

Bill Nos. H.R. 3792

The Conservation, Credit, and Rural Development (Sub) Committee

met in open Session at 10:15 a.m. o'clock, in Room 1302 LHOB

The following Members were present:

Mr. Jones (Tenn.)
Mr. Weaver
Mr. Glickman
Mr. Stenholm
Mr. Tallon
Mr. Evans (Ill.)
Mr. Thomas
Mr. de la Garza
ex officio
Mr.
Mr.
Mr.
Mr.

Mr. Coleman
Mr. Jeffords
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Madigan
ex officio
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:
Mr. Combest
Mr. Volkmer
Mr. Marlenee
Mr. Schuette
Mr. Olin
Mr. Stangeland
Mr. Penny
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff present:

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director

Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Glenda Temple, Clerk
Charles Hilty, Minority Staff Directo
William E. O'Conner, Jr., Assistant Minority Staff Director

Witnesses:

Honorable Charles O. Sethness, Assistant Secretary for Domestic Finance, U.S. Department of the Treasury, Washington, D.C.

Honorable Frank W. Naylor, Jr., Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

Honorable Donald E. Wilkinson, Governor, Farm Credit Administration, McLean, Virginia

Mr. Marvin Duncan, Senior Deputy Governor, Farm Credit Administration, McLean, Virginia

Mr. Gene L. Swackhamer, President, Farm Credit Banks of Baltimore, Baltimore, Maryland

Mr. Douglas D. Sims, President, St. Louis Bank for Cooperatives, St. Louis, Missouri

Statements Filed:

Mr. Roy A. Seaberg, Jr., Farm Credit Banks of Texas, Austin, Texas

U.S. GOVERNMENT PRINTING OFFICE [illegible]

Thursday, November 21, 1985
Conservation, Credit, and Rural
Development Subcommittee
Public Hearing
Farm Credit Act Amendments of 1985
H.R. 3792

Chairman Jones (Tenn.) called the meeting to order for the purpose of receiving testimony on H.R. 3792, the Farm Credit Act Amendments of 1985. Opening remarks were made by Messrs. Jones (Tenn.), Coleman, de la Garza, Jeffords, Madigan, and Weaver.

The witnesses listed on page 2 of these minutes were asked to the witness table en bloc. Following presentation of their statements, the witnesses were questioned by the Members of the Subcommittee.

At 12:35 p.m. the meeting was adjourned to reconvene on December 3rd to consider H.R. 3792 and amendments thereto.

Glenda Temple
Glenda Temple

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date November 21, 1985

(Sub) Committee: Livestock, Dairy, and Poultry

Public Hearing

met at 10:25 a.m o'clock, in Room 1300 Longworth House Office Building

for the purpose of Reviewing the Egg Products Inspection Act

The following Members were present:

Mr. Coelho
Mr. Volkmer
Mr. Olin
Mr. Penny
Mr. Stenholm
Mr. Bedell
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Jeffords
Mr. Hopkins
Mr. Stangeland
Mr. Lewis (Fla.)
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Members Also Present:

Mr. Thomas
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Staff Present:
Kim Schnoor, Subcommittee Staff Director
Courtney Pastrick, Staff Assistant
Jeffrey Weiss, Staff Assistant
Steve Kerr, Minority Consultant
Charles Hilty, Minority Staff Director
Phillip L. Fraas, Counsel
Cristobal P. Aldrete, Special Counsel
Kathy Hughes, Staff Assistant
Francie Monaghan, Staff Assistant

Witnesses:

1. Hon. Matthew Rinaldo, Member of Congress from New Jersey
2. Hon. Robert E. Badham, Member of Congress from California
3. Hon. Harry Reid, Member of Congress from Nevada
4. Honorable Doug Bereuter, Member of Congress from Nebraska
5. Mr. James C. Handley, Adminisrator, Agricultural Marketing Service, U.S. Department of Agriculture
   Accompanied by: Mr. Connor Kennett, Director, Agricultural Marketing Service Poultry Division, U.S. Department of Agriculture
   Mr. Tom Walsh, Office of the General Counsel, U.S. Department of Agriculture
6. Panel:
   Mr. Michael E. Maynard, Egg King, Misa Mfg. Inc., Tustin, California
   Mr. Joseph M. Murphy, Attorney for Egg King, Newport Beach, California
   Mr. Wayne E. Gable, Director of Trade Policy, Citizens for a Sound Economy, Washington, D.C.
   Mr. Tim Luberski, Hidden Villa Ranch, Placentia, California
7. Panel:
   Mr. Albert Pope, President, United Egg Producers, Decatur, Georgia
   Accompanied by: Mr. Michael McLeod, Attorney for United Egg Producers, Scott, Harrison & McLeod, Washington, D.C.
   Mr. Chuck Dynes, Dynes Poultry Farms, Inc., and Chairman, United Egg Producers, Burlington, Washington
   Mr. Gilbert B. Eckhoff, Vice President for Operations, Henningsen Foods, Inc., Omaha, Nebraska
8. Panel:
   Dr. William D. Stadelman, Professor Emeritus, Department of Food Science, Purdue University, West Lafayette, Indiana
   Dr. Michael B. Liewen, Assistant Professor, Department of Food Science and Technology, University of Nebraska, Lincoln, Nebraska
9. Panel:
   Mr. Richard C. Gohla, Executive Vice President and Secretary, Retail Bakers of America, Hyattsville, Maryland
   Mr. Don McArthur, Bakery Owner, St. Louis, Missouri
   Mr. Randall James McArthur, President, Missouri Bakers Association
   Mr. Nicholas A. Pyle, Independent Bakers Association, Washington, D.C.

U.S. GOVERNMENT PRINTING OFFICE: 1985 46-201 (84)

Thursday, November 21, 1985
Livestock, Dairy, and Poultry
Subcommittee
Public Hearing
Review of the Egg Products
Inspection Act

Statements Submitted for the Record:

1. Hon. Virginia Smith, Member of Congress from Nebraska

2. Hon. Don Ritter, Member of Congress from Pennsylvania

3. Mr. Ronald A. Sarasin, Director, Government Relations, National Restaurant Association

4. Ms. Denise A. Nelson, Chief, Environmental Health Section, Atlantic City Division of Health, Atlantic City, New Jersey

Chairman Coelho called the meeting to order for the purpose of reviewing the Egg Products Inspection Act, in particular the use of centrifuge egg-breaking machines.

The witnesses listed on page 2 of these minutes were recognized for their prepared testimony in support of or opposition to the use of centrifuge egg-breaking machines in restaurants, etc. Following their presentations, the witnesses were questioned by Members of the Subcommittee. A demonstration of a centrifuge egg-breaking machine was conducted by Mr. Michael E. Maynard.

Chairman Coehlo mentioned the jurisdictional controversy that exists between the U.S. Department of Agriculture and the Food and Drug Administration as to who inspects facilities using egg-breaking machines. Chairman Coehlo indicated that the subcommittee would try to resolve the jurisdictional question in a nonpartisan way. The Chairman also asked Mr. Handley of the U.S. Department of Agriculture to find out if the Agricultural Marketing Service has jurisdiction to undertake a study on sanitation of egg-breaking machines and requested a reply by the end of the Thanksgiving recess.

During the proceedings, chairing responsibilities were shared by Messrs. Volkmer and Olin. Mr. Olin adjourned the meeting at 3:25 p.m., subject to call of the chair.

Kathy Hughes

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date Tuesday, December 3, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Business Meeting

met at 9:15 a.m. o'clock, in Room 1302 Longworth House Office Building

for the purpose of considering H.R. 3792, the Farm Credit Act Amendments of 1985

The following Members were present:		Members Also Present:
Mr. Jones (Tenn.)	Mr. Coleman	Mr. English
Mr. Glickman	Mr. Jeffords	Mr. Volkmer
Mr. Daschle	Mr. Morrison	Mr. Combest
Mr. Stenholm	Mr. Gunderson	Mr.
Mr. Tallon	Mr. Evans (Iowa)	Mr.
Mr. Stallings	Mr. Franklin	Mr.
Mr. de la Garza	Mr. Madigan,	Mr.
Mr ex officio	Mr. ex officio	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
Mr.	Mr.	Mr.
		Mr.
		Mr.

Staff Present:
Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Bill O'Conner, Assistant Minority Staff Director
Chuck Hilty, Minority Staff Director
Glenda Temple, Clerk

Witnesses:

Present to respond to questions:

1. Mr. Doug Bellis, Office of Legislative Counsel, U.S. House of Representatives

2. Hon. Frank Naylor, Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

   Acc. by: Ms. Kathleen Lawrence, Deputy Under Secretary of Agriculture

3. Hon. Marvin Duncan, Senior Deputy Governor, Farm Credit Administration, McLean, Virginia

   Acc. by: Mr. Larry Edwards, Deputy Governor and Chief Examiner, Office of Examination and Supervision, Farm Credit Administration
   Mr. Frederick R. Medero, General Counsel, Farm Credit Administration

4. Hon. Charles Setheness, Assistant Secretary for Domestic Finance, U.S. Department of the Treasury, Washington, D.C.

   Acc. by: Mr. Robert Zoellick

5. Mr. Douglas D. Sims, President, St. Louis Bank for Cooperatives, St. Louis, Missouri

U.S. GOVERNMENT PRINTING OFFICE: 1985 46-201 (a-n)

Tuesday, December 3, 1985
Conservation, Credit, and Rural
  Development Subcommittee
Business Meeting
Farm Credit Act Amendments of 1985
H.R. 3792

Action Taken:

-- Without objection two technical amendments by Mr. Jones (Tenn) agreed to.

-- By voice vote Coleman amendment on enforcement powers of the Farm Credit Administration agreed to.

-- Without objection Evans (Iowa) amendment on purpose of the capital corporation revised.

-- By voice vote Evans (Iowa) amendment, as reformed, adopted.

-- By voice vote Evans (Iowa) amendment on sunset provisions approved.

-- By show of hands vote of 2 yeas-9 nays Jeffords amendment establishing criteria for contributions of member banks not agreed to.

-- By show of hands vote of 2 yeas-10 nays Stenholm amendment providing for limit on farmer and cooperative interest rates not agreed to.

-- By show of hands vote of 9 yeas-1 nay Gunderson amendment protecting farmer and cooperative borrower equities adopted.

-- Without objection Glickman amendment requiring Secretary of Treasury to give reasons for not exercising authority for lines of credit reformed.

-- By voice vote Glickman amendment, as reformed, adopted.

-- Without objection Coleman amendment giving FCA authority to continue current requirements and limitations on surplus provisions and reserve accounts reformed.

-- By voice vote Coleman amendment, as reformed, adopted.

Chairman Jones called the meeting to order for the purpose of considering H.R. 3792, the Farm Credit Act Amendments of 1985, and amendments thereto. Mr. Jones made a brief opening statement and recognized Messrs. Coleman, Stenholm, Jeffords, Gunderson, Glickman, Evans (Iowa), and Madigan for opening remarks.

Tuesday, December 3, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting
Farm Credit Act Amendments of 1985
H.R. 3792

Without objection H.R. 3792 was before the Committee and open for amendment at any point (copy of the bill and brief explanation attached).

Mr. Jones (Tenn.) offered two technical amendments en bloc (copies attached), and explained their provisions. Discussion occurred and without objection the amendments were agreed to.

Counsel Fraas was recognized to explain the provisions of the legislation before the Subcommittee.

Mr. Coleman questioned whether other Members would be able to offer amendments to the bill and Chairman Jones advised that only Subcommittee Members would be recognized to offer amendments in Subcommittee and that other members could offer their proposed changes during full Committee consideration of the bill.

Mr. Coleman was then recognized to offer the attached amendment dealing with the enforcement powers of the Farm Credit Administration. Discussion occured and by a voice vote the Coleman amendment was agreed to.

Mr. Evans (Iowa) offered the attached two amendments since they were related. The first dealt with the sole purpose of the capital corporation, and the second provided sunset authority. Discussion occurred. Without objection the first Evans amendment was revised to add "and their borrowers" after the word "institutions" in the third line.

Discussion continued and by a voice vote the Evans amendment on the purpose of the capital corporation, as reformed, was adopted. By a voice vote the sunset provisions were then approved.

Mr. Jeffords offered the attached amendment which would establish criteria for the contributions required of member banks. Discussion occurred and by a show of hands vote of 2 yeas-9 nays the amendment was not agreed to.

Mr. Stenholm offered the attached amendment providing for a limit on farmer and cooperative interest rates. Discussion occurred and by a show of hands vote of 2 yeas-10 nays the amendment was not agreed to.

Tuesday, December 3, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting
Farm Credit Act Amendments of 1985
H.R. 3792

Mr. Gunderson offered the attached amendment to protect farmer and cooperative borrower equities and to guard against undue interest rate increases, and local association and bank-held loan loss reserves. Lengthy discussion occurred and by a show of hands vote of 9 yeas-1 nay the amendment was adopted.

Mr. Evans (Iowa) offered the attached amendment adding a mineral rights limitation. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Glickman offered the attached amendment which would require that the Secretary of the Treasury give reasons for not exercising authority for lines of credit. Discussion occurred and questions were raised as to who would receive the notification. Mr. Glickman asked unanimous consent to modify his amendment to make sure notice was given to both the Farm Credit Administration and the Congress. Without objection, the amendment was reformed. By a voice vote the amendment, as reformed, was adopted.

Mr. Coleman offered the attached amendment to give the Farm Credit Administration authority to continue current requirements and limitations regarding surplus provisions and reserve accounts. Discussion occurred. The Treasury Department representative suggested that in the reference to the general direction of the Farm Credit Administration a better term might be "regulation" of the FCA. Mr. Coleman asked unanimous consent that the staff be directed to reform the language as stated, and there was no objection. By a voice vote the amendment, as reformed, was approved.

Mr. Stenholm offerd the attached amendment to establish the Farm Credit System Capital Corporation Board of Directors. Discussion occurred on the amendment and a possible substitute amendment.

At 12:05 p.m. the meeting was adjourned to reconvene at 1:00 p.m. this date to continue consideration of the pending Stenholm amendment and other amendments to H.R. 3792.

Glenda Temple
Glenda Temple

99TH CONGRESS
1ST SESSION

H. R. 3792

To amend the Farm Credit Act of 1971, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 1985

Mr. DE LA GARZA (for himself, Mr. MADIGAN, Mr. JONES of Tennessee, and Mr. COLEMAN of Missouri) introduced the following bill; which was referred to the Committee on Agriculture

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A BILL

To amend the Farm Credit Act of 1971, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Farm Credit Act Amendments of 1985".

TITLE I—PROVISIONS TO STRENGTHEN THE OPERATION OF FARM CREDIT SYSTEM LENDING INSTITUTIONS

CAPITAL AND FINANCING

SEC. 101. Part A of title IV of the Farm Credit Act of 1971 is amended by—

(1) amending section 4.0 to read as follows:

"SEC. 4.0. REVOLVING FUNDS; INVESTMENTS.—The revolving fund established by Public Law 87-343, 75 Stat. 758, as amended, and the revolving fund established by Public Law 87-494, 76 Stat. 109, as amended, and continued by Public Law 96-592, shall be merged and shall be available to the Farm Credit Administration for the purchase, on behalf of the United States, of capital stock of the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act. The Farm Credit Administration may make such purchases of stock as the Farm Credit Administration determines, in its discretion, are necessary to achieve the purposes of this Act.";

(2) striking out section 4.1;

(3) in section 4.3, striking out subsection (a) and redesignating subsection (b) as subsection (c) and inserting new subsections (a) and (b) as follows:

"SEC. 4.3. CAPITAL ADEQUACY OF BANKS AND ASSOCIATIONS.—(a) The Farm Credit Administration shall cause System institutions to achieve and maintain adequate capital by establishing minimum levels of capital for such System institutions and by using such other methods as the Farm Credit Administration deems appropriate. The Farm Credit Administration may establish such minimum level of capital for a System institution as the Farm Credit Administration, in its discretion, deems to be necessary or appropriate in light of the particular circumstances of the System institution.

"(b)(1) Failure of a System institution to maintain capital at or above its minimum level as established under subsection (a) may be deemed by the Farm Credit Administration, in its discretion, to constitute an unsafe and unsound practice within the meaning of this Act.

"(2)(A) In addition to, or in lieu of, any other action authorized by law, including paragraph (1), the Farm Credit Administration may issue a directive to a System institution that fails to maintain capital at or above its required level as established under subsection (a). Such directive may require the System institution to submit and adhere to a plan acceptable to the Farm Credit Administration describing the means and timing by which the System institution shall achieve its required capital level, but may not require merger or consolidation without a majority vote of the voting stockholders or the contributors to the guaranty fund of the institution.

"(B) Any directive issued under this paragraph, including plans submitted pursuant thereto, shall be enforceable under the provisions of section 5.31 of this Act to the same extent as an effective and outstanding order issued under section 5.25 of this Act that has become final.

"(3) The Farm Credit Administration may consider such System institution's progress in adhering to any plan required under paragraph (2) whenever such System institution, or an affiliate thereof, seeks the requisite approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede such System institution's progress in achieving its minimum capital level. The Farm Credit Administration may deny such approval where it determines that such proposal would adversely affect the ability of the system institution to comply with such plan."; and

(4) in section 4.4—

(A) redesignating subsection (c) as subsection (d); and

(B) inserting, after subsection (b), the following:

"(c) For purposes of this part, the term 'bank' shall include the Farm Credit System Capital Corporation chartered under part D1 of this title.";

APPOINTMENT OF CONSERVATOR OR RECEIVER

SEC. 102. Section 4.12 of the Farm Credit Act of 1971 is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The Farm Credit Administration may appoint a conservator or receiver for any System institution on the determination by the Farm Credit Administration that one or more of the following exists, or is occurring, with respect to the institution: (1) insolvency in that the assets of the institution are less than its obligations to its creditors and others, including its members; (2) substantial dissipation of assets or earnings due to any violation of law, rules, or regulations, or to any unsafe or unsound practice; (3) an unsafe or unsound condition to transact business; (4) willful violation of a cease-and-desist order that has become final; (5) concealment of books, papers, records, or assets of the institution or refusal to submit books, papers, records, or other material relating to the affairs of the institutions for inspection to any examiner or to any lawful agent of the Farm Credit Administration. The Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver. If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver as herein provided exists, the Farm Credit Administration may appoint ex parte and without notice a conservator or receiver for the institution. In the event of such appointment, the institution, within thirty days thereafter, may bring an action in the United States district court for the judicial district in which the home office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver, and the court, shall on the merits, dismiss such action or direct the Farm Credit Administration to remove such conservator or receiver. On the commencement of such an action, the court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 103. Title IV of the Farm Credit Act of 1971 is amended by inserting, after section 4.28, the following:

"PART D1—FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.28A. EXISTENCE OF CORPORATION.—The Farm Credit Administration, not later than 60 days after enactment of the Farm Credit Act Amendments of 1985, shall (1) charter the Farm Credit System Capital Corporation (referred to in this part as 'the Capital Corporation'), which, subject to the provisions of this part and the regulations of the Farm Credit Administration, shall be a federally chartered instrumentality of the United States and an institution of the Farm Credit System, and (2) revoke the charter for the Farm Credit System Capital Corporation issued under part D of this title.

"SEC. 4.28B. PURPOSES.—The Capital Corporation shall—

"(1) carry out a program of financial assistance among institutions of the Farm Credit System;

"(2) acquire from other Farm Credit System institutions and participate with such institutions in nonperforming assets of such institutions;

"(3) hold, restructure, collect, and otherwise administer nonperforming assets acquired from or participated in with other Farm Credit System institutions;

"(4) provide technical assistance and related services to other Farm Credit System institutions in connection with the administration of their loan portfolios;

"(5) provide assistance and related services to Farm Credit System institutions to assist them in restructuring or refinancing loans of their member-borrowers; and

"(6) receive and administer financial assistance for Farm Credit System institutions that originates outside of the Farm Credit System.

"SEC. 4.28C. BOARD OF DIRECTORS.—The Capital Corporation shall be governed by a board of directors composed of five members appointed by the Chairman of the Farm Credit Administration Board. Three of such members shall be appointed from among the elected members of the farm credit district boards established under title V of this Act and two of such members shall be individuals representing the public interest who are not members of such boards, nor directors, officers, or employees of any institution of the

Farm Credit System. The term of office of the directors of the Capital Corporation shall be three years, except that the terms of office of three of the members first appointed under this section shall expire, one on the expiration of one year after the date of appointment and two on the expiration of two years after the date of appointment, and members may continue to serve until their successors are duly appointed. Members of the board may be reappointed for new terms. Vacancies on the board shall be filled by like appointment.

"SEC. 4.28D. OFFICERS OF THE BOARD.—The Chairman of the Farm Credit Administration Board annually shall designate a member of the board of directors of the Capital Corporation as Chairman of the board. The board of directors of the Capital Corporation annually shall elect from among its members a vice chairman and select a secretary, who need not be a member of the board.

"SEC. 4.28E. COMPENSATION OF BOARD MEMBERS.—Members of the board of directors of the Capital Corporation shall receive compensation, including reasonable allowances for necessary expenses, in attending meetings of the board. The compensation shall not be in excess of the level set by the Farm Credit Administration.

"SEC. 4.28F. BOARD PROCEDURES.—The board of directors of the Capital Corporation shall adopt such rules as it may deem appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

"SEC. 4.28G. CHIEF EXECUTIVE OFFICER OF THE CORPORATION.—The chief executive officer of the Capital Corporation shall be selected by the board of directors of the Capital Corporation, subject to the approval of the Farm Credit Administration, and shall serve at the pleasure of the board.

"SEC. 4.28H. GENERAL CORPORATE POWERS.—(a) The Capital Corporation shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have the power to—

"(1) operate under the direction of its board of directors;

"(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

"(3) provide for one or more vice presidents, a secretary, a treasurer, and such other officers, employees and agents, as may be necessary, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

"(4) prescribe by its board of directors its bylaws, not inconsistent with law, which shall provide for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; the manner in which its officers, employees, and agents are selected; its property is acquired, held, and transferred; its loans, commitments, and other financial assistance are made; its general business is conducted; and the privileges granted by its bylaws are exercised and enjoyed;

"(5) enter into contracts and make advance, progress, or other payments with respect to such contracts;

"(6) contract with System institutions for local administration, servicing, and restructuring of loan and loan-related assets and management of acquired properties of the Corporation;

"(7) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

"(8) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property, and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to its business;

"(9) obtain insurance against loss in connection with property and other assets;

"(10) modify or consent to modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or in which it has an interest under this Act;

"(11) in accordance with the provisions of this part, borrow money on its own individual responsibility;

"(12) join with Farm Credit System banks in the issuance of System wide notes, bonds, debentures, and other similar obligations under section 4.2(d) of this Act, or assume liability with respect to outstanding System wide obligations, and, if it satisfies the requirements applicable to banks under section 4.3 of this Act, it shall be jointly and severally liable with the System banks for the payment of principal and interest on such obligations, and pay on such obligations any sums as may be called on by the Farm Credit Administration to make payments of principal or interest that any bank or banks primarily liable therefor are unable to make;

"(13) require other institutions of the Farm Credit System, through purchase of stock in, or obligations of, the Capital Corporation, assessments, or other means, to make funds available to the Capital Corporation to enable it to make financial assistance available to institutions of the Farm Credit System as provided in paragraph (15). The guidelines to be used by the Capital

Corporation in obtaining funds from other institutions of the Farm Credit System for the purpose of aggregating resources to assist System institutions, to the extent practicable, shall give priority to obtaining funds through the use of transactions that require the Capital Corporation, on reasonable terms, to repay the contributed funds from surpluses accumulated by the Capital Corporation, and otherwise shall be in conformity with regulations issued by the Farm Credit Administration;

"(14)(A) issue regulations that establish standards to ensure that, to the maximum extent practicable, and consistent with sound business practices, the available capital of System institutions (other than stock held by borrowers) is devoted to providing financial assistance to those institutions of the Farm Credit System eligible therefor;

"(B) provide for regulatory measures that ensure that Farm Credit System institutions comply with directives of the Capital Corporation issued under this paragraph, without imperiling the financial viability of any such institution as would likely preclude such institution from making credit available to eligible borrowers on reasonable terms or meeting its financial obligations;

"(15) make financial assistance available, in the form of purchases of stock, loans, or contributions under such terms and conditions as the Capital Corporation may establish under regulations of the Farm Credit Administration, to Farm Credit System institutions that establish, on the basis of information satisfactory to the Capital Corporation, that, in the absence of such assistance, they could no longer continue to operate on a viable basis, make credit available to eligible borrowers on reasonable terms, and meet their financial obligations;

"(16) purchase from any other System institution, at current value, on request of such institution, loans that have been placed in nonaccrual status and assets in the account for acquired properties. For purposes of this paragraph, the classification of loans and assets and their value shall be the classification and value as disclosed in the most recent examination of such institution conducted by or adopted by the Farm Credit Administration;

"(17) require System institutions to sell to the Capital Corporation loans and assets described in paragraph (16) as a condition to receiving financial assistance from the Capital Corporation;

"(18) exercise all the rights and privileges of any System institution with respect to any loan in which it has participated, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other such rights and privileges;

"(19) assume debt from System institutions or interests therein, or other liabilities, from System institutions in connection with the acquisition of loans or interests therein or other assets from such institutions;

"(20) refinance, reamortize, or compromise indebtedness, and otherwise provide debt adjustment assistance, with respect to any loan to a borrower of a System institution purchased by the Capital Corporation under paragraph (16), and, after a determination by the Capital Corporation that the borrower could not reasonably be anticipated to meet loan servicing charges under a refinanced, reamortized, or otherwise restructured loan under reasonable terms and conditions, liquidate any such loan;

"(21) establish one or more branch offices as from time to time may be authorized by the board of directors;

"(22) adopt a salary scale for officers and employees of the Capital Corporation, in accordance with the directives of the board of directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5 relating to classification and General Schedule pay rates; and

"(23) deposit its securities and its current funds with any member of the Federal Reserve System or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act and pay fees therefor and receive interest thereon as may be agreed.

The Capital Corporation shall have such other incidental powers as are necessary or expedient to carry out its powers, duties, and functions in accordance with this Act.

"(b) Officers or employees of the Capital Corporation, like other Farm Credit System employees, shall not be considered officers or employees of the Federal Government. Funds held by the Capital Corporation shall not be construed to be Government funds or appropriated moneys.

SEC. 4.28I. SUCCESSION OF THE CORPORATION.—On the issuance by the Farm Credit Administration of the new charter for the Capital Corporation under this part, the Capital Corporation shall succeed to, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of this title (referred to in this section as 'the predecessor corporation'), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation. The stock of the predecessor corporation shall be converted into stock of the corporation chartered under this part. The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Capital Corporation chartered under this part. To the extent that, on the extinguishing of liabilities assumed by the Capital Corporation under this section, and full performance or other final disposition of contract obligations under contracts assumed by the Capital Corporation under this section, there remain surplus funds attributable to such obligations or contracts, the Capital Corporation shall distribute such surplus funds among the System institutions that contributed funds to the predecessor corporation on the basis of the relative amount of funds so contributed by each institution.

"SEC. 4.28J. LIMITATION OF POWERS.—The powers of the Capital Corporation under this part shall be exercised only for the purposes specified in this part and shall not be exercised in a manner that would result in the Capital Corporation supplanting the Farm Credit System institutions operating under titles I through III of this Act as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.28K. AUTHORITY OF THE SECRETARY OF THE TREASURY.—(a) On certification by the Farm Credit Administration that (1) the Farm Credit System is in need of financial assistance to address financial stress of System institutions, (2) the System has committed its available capital surplus and reserves to address such financial stress of System institutions, and (3) the System has used such capital surplus and reserves to the extent that further contributions from, or losses incurred by, System institutions likely will preclude such institutions from making credit available to eligible borrowers on reasonable terms, the Secretary of the Treasury in the Secretary's discretion, may purchase any obligations issued by the Capitol Corporation under this part, as heretofore, now, or hereafter in force; and for such purpose the Secretary of the Treasury may use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury, at any time, may sell, on such terms and conditions and at such price or prices as the Secretary shall determine, any of the obligations acquired by the Secretary under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this section shall be treated as public-debt transactions of the United States. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be on terms and conditions as shall be determined by the Secretary of the Treasury and shall bear such rate of interest as may be determined by the Secretary of the Treasury, taking into consideration the current average market yield for the month preceding the month of such purchase on outstanding marketable obligations of the United States.

"(b) The Farm Credit Administration promptly shall submit a copy of any certification made under subsection (a) to Congress, and the Secretary of the Treasury shall, not later than forty-five days after such certification is made, make known the Secretary's decision as to exercising the authority under subsection (a).".

"SEC. 4.28L. INITIAL CAPITALIZATION.—The Farm Credit Administration shall provide for the initial capitalization of the Capital Corporation by requiring institutions of the System to contribute capital to the Capital Corporation in such amounts and under such terms and conditions as the Farm Credit Administration, in consultation with System institutions, may prescribe.".

CONFORMING AMENDMENT

"SEC. 204. Title IV of the Farm Credit Act of 1971 is further amended by inserting, before section 4.2, the following:

"SEC. 4.1. REQUIREMENTS TO PURCHASE STOCK AND PAY ASSESSMENTS AND CONTRIBUTE CAPITAL TO CAPITAL CORPORATION.—The Federal land banks, the Federal intermediate credit banks, the banks for cooperatives, the Federal land bank associations, and the production credit associations shall purchase stock in, or obligations of, the Capital Corporation, pay assessments, make capital contributions, and take such other related actions as required by the Capital Corporation in the exercise of its powers under this Part. Any payment for retirement of stock so purchased, or repayment of obligations so purchased by the Capital Corporation shall be distributed among all holders of such stock or obligations on the basis of the face value of the stock or obligations held by each such holder at the time of the distribution.".

TITLE II—REGULATION OF THE FARM CREDIT SYSTEM

RESTRUCTURE OF THE FARM CREDIT ADMINISTRATION

"SEC. 201. Part B of title V of the Farm Credit Act of 1971 is amended by—

(1) amending sections 5.7 through 5.12 to read as follows:

SEC. 5.7. THE FARM CREDIT ADMINISTRATION.—The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be composed of the Farm Credit Administration Board and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration by this Act.

"SEC. 5.8. THE FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board (referred to in this part as 'the Board'). The Board shall consist of five members who shall be citizens of the United States and broadly representative of the public interest. Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three members of the Board shall be members of the same political party. Of the persons thus appointed, one shall be designated by the President to serve as Chairman of the Board for the duration of the member's term. The members of the Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any institution of the Farm Credit System.

"(b) The term of office of each member of the Board shall be six years, except that the terms of the four members, other than the Chairman, first appointed under subsection (a) shall expire, two on the expiration of two years after the date of appointment, and two on the expiration of four years after the date of appointment. Members of the Board shall not be appointed to succeed themselves, except that the members first appointed under subsection (a) for a term of less than six years may be reappointed for a full six-year term and members appointed to fill unexpired terms of three years or less may be reappointed for a full six-year term. Any vacancy shall be filled for the unexpired term on like appointment. Any member of the Board shall continue to serve as such after the expiration of the member's term until a successor has been appointed and qualified.

"(c) Each member of the Board, within fifteen days after notice of appointment, shall subscribe to the oath of office. The Board may transact business if a vacancy exists, provided a quorum is present. A quorum shall consist of three members of the Board. The Board shall hold at least one meeting each month and such additional meetings at such times and places as it may fix and determine. Such meetings shall be held on the call of the Chairman or any two Board members. The Board shall adopt such rules as it deems appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

"(d) The members of the Board shall devote their full time and attention to the business of the Board. The Chairman of the Board shall receive compensation at the rate prescribed for level III of the Executive Schedule under section 5314 of title 5 of the United States Code. Each of the other members of the Board shall receive compensation at the rate prescribed for level IV of the Executive Schedule under section 5315 of title 5 of the United States Code. Each member of the Board shall be reimbursed for necessary travel, subsistence, and other expenses in the discharge of the member's official duties without regard to other laws with respect to allowance for travel and subsistence of officers and employees of the United States. The provisions of this subsection shall be subject to the provisions of section 5.11 of this Act.

"SEC. 5.9. POWERS OF THE BOARD; CIVIL PROCEEDINGS.—The Board shall manage and administer, and establish policies for, the Farm Credit Administration. It—

"(1) shall approve the rules and regulations for the implementation of this Act not inconsistent with its provisions;

"(2) shall provide for the examination of the condition of, and general regulation of the performance of the powers, functions, and duties vested in, each institution of the Farm Credit System;

"(3) shall provide for the performance of all the powers and duties vested in the Farm Credit Administration; and

"(4) may require such reports as it deems necessary from the institutions of the Farm Credit System.

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; GOVERNING STANDARDS.—(a) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration. The Chairman shall be responsible for directing the implementation of the policies and regulations adopted by the Board and the execution of all of the administrative functions and duties of the Farm Credit Administration. The Chairman shall be the spokesman for the Board and the Farm Credit Administration and shall represent the Board and the Farm Credit Administration in their official relations within the Government. Under policies adopted by the Board, the Chairman shall consult on a regular basis with the Secretary of the Treasury in connection with the exercise by the System of the powers conferred under section 4.2 of this Act, and with the Board of Governors of the Federal Reserve System in connection with the effect of System lending activities on national monetary policy.

"(b) In carrying out responsibilities under this Act, the Chairman of the Board shall be governed by general policies adopted by the Board and by such regulatory decisions, findings, and determinations as the Board may by law be authorized to make and, as to third persons, all acts of the Chairman of the Board shall be conclusively presumed to be in compliance with such general policies and regulatory decisions, findings, and determinations.

"(c) The Chairman of the Board shall enforce the rules, regulations, and orders of the Board. Except as provided in section 518 of title 28 of the United States Code, relating to litigation before the Supreme Court, attorneys designated by the Chairman shall represent the Farm Credit Administration in any civil proceeding or civil action brought in connection with the administration of conservatorships and receiverships. Attorneys designated by the Chairman may represent the Farm Credit Administration in any other civil proceedings or civil action when so authorized by the Attorney General under provisions of title 28.

"SEC. 5.11. ORGANIZATION OF THE FARM CREDIT ADMINISTRATION.—The Chairman of the Board, in carrying out the powers and duties now or hereafter vested in the Chairman by this Act and acts supplementary thereto, may establish and fix the powers and the duties of such divisions or other units as the Chairman may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties vested in the Board and the Farm Credit Administration. The Chairman of the Board shall appoint such personnel as may be necessary to carry out the functions of the Farm Credit Administration. Officers and employees of the Farm Credit Administration shall be subject to the Ethics in Government Act of 1978 and shall be considered officers or employees of the United States for the purposes of sections 201 through 203, and sections 205 through 209, of title 18 of the United States Code. Officers and employees of the Farm Credit Administration shall be subject to section 5373 of title 5 of the United States Code. The powers of the Chairman as chief executive officer of the Farm Credit Administration may be exercised and performed by the Chairman through such other officers and employees of the Farm Credit Administration as the Chairman shall designate. The operations of the Farm Credit Administration, and the salaries of members of the Board and employees of the Administration, shall be funded and paid for from the fund created under section 5.15 of this Act.

"SEC. 5.12. ADVISORY COMMITTEES.—The Chairman of the Board may establish one or more advisory committees in accordance with the Federal Advisory Committee Act and may appoint to such committee or committees individuals who are members of the Federal Farm Credit Board when such Board is terminated by the Farm Credit Act Amendments of 1985.";

(2) striking out section 5.13;

(3) redesignating section 5.14 as section 5.13, and, in section 5.13, as so redesignated, striking out "Governor" and inserting in lieu thereof "Board";

(4) redesignating section 5.15 as section 5.14, and, in the second sentence of section 5.14, as so redesignated, striking out "section 5.16(b)" and "section 5.16(a)" and inserting in lieu thereof "section 5.15(b)" and "section 5.15(a)", respectively;

(5) redesignating section 5.16 as section 5.15;

(6) redesignating section 5.17 as section 5.16, and, in the section 5.16, as so redesignated—

(A) striking out "section 5.15" in the first sentence and inserting in lieu thereof "section 5.14";

(B) striking out "Federal Farm Credit" in clause (2) of the first sentence; and

(C) in the fourth sentence, striking out "section 5.16" and inserting in lieu thereof "section 5.15"; and

(7) redesignating section 5.18 as section 5.17 and amending subsection (a) thereof to read as follows:

"(a) The Farm Credit Administration shall have the following powers, functions, and responsibilities in connection with the institutions of the Farm Credit System and the administration of this Act:

"(1) Modify the boundaries of farm credit districts, with due regard for the farm credit needs of the country, as approved by the Board, with the concurrence of the district boards involved.

"(2) Where necessary or appropriate to carry out the policy and objectives of this Act, issue and amend or modify Federal charters of institutions of the System; approve change in names of banks operating under this Act; approve the merger of districts when agreed to by the boards of the districts involved and by a majority vote of the voting stockholders and contributors to the guaranty funds of each bank for each of such districts, voting in the same manner as is provided in section 4.10 of this Act; approve mergers of banks operating under the same title of this Act, merger of Federal land bank associations, merger of production credit associations, and the consolidation or division of the territories that they serve when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of the institutions involved; and approve consolidations of boards of directors or management agreements when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of the institutions involved.

"(3) Make annual reports directly to Congress on the condition of the System and its institutions, based on the examinations carried out under section 5.18 of this Act, and on the manner and extent to which the purposes and objectives of this Act are being carried out and, from time to time, recommend directly legislative changes. The annual reports shall include a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal land banks and Federal intermediate credit banks under section 4.19(b) of this Act relating to programs for serving young, beginning, and small farmers and ranchers.

"(4) Approve the issuance of obligations of the System under sections 4.2 (c) and (d) of this Act for the purpose of funding the authorized operations of the institutions of the System, and prescribe collateral therefor.

"(5) Grant approvals provided for under this Act either on a case-by-case basis or through regulations that confer approval on actions of Farm Credit System institutions that meet standards and criteria established by the Farm Credit Administration, including standards and criteria with respect to (A) interest rates on obligations of Farm Credit System institutions and on loans made or discounted by such institutions, and (B) the payment of dividends or patronage refunds by Farm Credit System institutions.

"(6) Established standards for the System institutions with respect to loan security requirements and the borrowing, repayment, and transfer of funds and equities between institutions of the System.

"(7) Conduct loan and collateral security review.

"(8) Make investments in stock of the institutions of the System as provided in section 4.0 of this Act out of the revolving fund, and require the retirement of such stock.

"(9) Regulate the preparation by System institutions and the dissemination to stockholders and investors of information on the financial condition and operations of such institutions.

"(10) Prescribe rules and regulations necessary or appropriate for carrying out the provisions of this Act.

"(11) Exercise the powers of the Farm Credit Administration under part C of this title for the purpose of ensuring the safety and soundness of System institutions.

"(12) Exercise such incidental powers as may be necessary or appropriate to fulfill its duties and carry out the purposes of this Act.

"(13) Sue and be sued, complain and defend in any court of law or equity, State of Federal. All suits of a civil nature at common law or in equity to which the Farm Credit Administration shall be a party shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof, without regard to the amount of the controversy; and the Farm Credit Administration may, without bond or security, remove any such action, suit, or proceeding from a State court to the United States district court for the district or division embracing the place where the same is pending by following any procedure for removal now or hereafter in effect. Service of process on the Farm Credit Administration shall be in accordance with provisions of title 28 of the United States Code and rules adopted under title 28 for suits in which an agency of the United States is a party. The Farm Credit Administration shall designate an agent at its principal office to accept service of process.".

DELEGATIONS

SEC. 202. (a) Section 5.19 of the Farm Credit Act of 1971 is repealed.

(b) Part B of title V of the Farm Credit Act of 1971 is further amended by inserting, after section 5.17, as added by section 201 of this title, the following:

"SEC. 5.18. PRIOR DELEGATIONS.—Any delegations by the Farm Credit Administration and redelegations thereof made in accordance with section 5.19 of the Farm Credit Act of 1971 as in effect prior to the effective date of the Farm Credit Act Amendments of 1985 may continue in full force and effect, at the discretion of the Farm Credit Administration, for the period ending twelve months after the date of enactment of such Act.".

FARM CREDIT ADMINISTRATION EXAMINATIONS; CONFORMING AMENDMENT

SEC. 203. (a) Section 5.20 of the Farm Credit Act of 1971 is redesignated as section 5.19 and amended to read as follows:

"SEC. 5.19. EXAMINATIONS.—(a) Each institution of the System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Board may determine, but in no event less than once each year. Such examinations shall include, but are not limited to, an analysis of credit and collateral quality and capitalization of the institution, and appraisals of the effectiveness of the institution's management and application of policies governing the carrying out of this Act and regulations of the Farm Credit Administration and servicing all eligible borrowers. At the direction of the Chairman of the Board, Farm Credit Administration examiners also shall make examinations of the condition of any organization, other than national banks, to, for, or with which any institution of the System contemplates making a loan or discounting paper. For the purposes of this Act, examiners of the Farm Credit Administration shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act, the Federal Reserve Act, and Federal Deposit Insurance Act, and other provisions of law and shall have the same powers and privileges as are vested in such examiners by law.

"(b) Each institution of the System shall make and publish an annual report of condition as prescribed by the Farm Credit Administration. Each such report shall contain financial statements prepared in accordance with generally accepted accounting principles or with such additional standards or requirements as the Farm Credit Administration by regulation may prescribe if it determines that such standards or requirements are necessary to more accurately and adequately reflect the financial condition of such institution. Such financial statements of System institutions shall be audited by an independent public accountant.

"(c) The Farm Credit Administration may order to be published the report of examination of any System institution.

"(d) For purposes of this section, institutions of the System shall include the Capital Corporation.".

(b) Sections 5.21, 5.22, 5.23, 5.24, and 5.25 of the Farm Credit Act of 1971 are redesignated as sections 5.19, 5.20, 5.21, 5.22, 5.23, and 5.24, respectively.

ENFORCEMENT POWERS

SEC. 204. Title V of the Farm Credit Act of 1971 is amended by inserting, after section 5.24, as so redesignated by section 203(b), the following:

"PART C—ENFORCEMENT POWERS OF THE FARM CREDIT ADMINISTRATION

"SEC. 5.25. CEASE-AND-DESIST PROCEEDINGS.—(a)(1) The Farm Credit Administration may issue and serve a notice of charges on an institution of the Farm Credit System, or any director, officer, employee, or agent thereof, or other person participating in the conduct of the affairs of the institution, if the Farm Credit Administration has reasonable cause to believe that the institution or the person (A) is engaging in, has engaged in, or is about to engage in, an unsafe or unsound practice in conducting the business of the institution; or (B) is violating, has violated, or is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Farm Credit Administration in connection with the Farm Credit Administration's regulation of the institution or any written agreement entered into with the Farm Credit Administration.

"(2) A notice issued and served under paragraph (1) shall contain a statement of the facts constituting the basis for the charges made therein against the institution or person. The notice shall fix a time and place for a hearing on the charges to determine whether an order to cease and desist from the violation or unsafe or unsound practice should be issued against the institution or person. The hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Farm Credit Administration at the request of any party so served.

"(b) If an institution or person served by a notice under subsection (a) fails to appear at the hearing personally or by a duly authorized representative, such institution or person shall be deemed to have consented to the issuance of the cease-and-desist order. If consent is so deemed, or if the Farm Credit Administration finds on the record made at the hearing that any violation or unsafe or unsound practice specified in the notice of charges has been established, the Farm Credit Administration may issue and serve on the institution or person an order to cease and desist from the violation or practice. The order, by provisions that may be mandatory or otherwise, may require the institution or person to cease and desist from the same and take affirmative action to correct the conditions resulting from any such violation or practice.

"(c) An order issued under subsection (b) shall become effective at the end of thirty days after service on the institution or person to whom it is directed (except in the case of an order issued on consent, the order shall become effective at the time specified therein), and shall remain effective and enforceable as provided therein, except to the extent that it is stayed, modified, terminated, or set aside by action of the Farm Credit Administration or a reviewing court.

"SEC. 5.26. TEMPORARY CEASE AND DESIST ORDERS.—(a) Whenever the Farm Credit Administration determines that any violation or threatened violation, or unsafe or unsound practice, specified in the notice of charges issued and served on an institution of the Farm Credit System or any director, officer, employee, or agent thereof, or other person participating in the conduct of the affairs of the institution, under section 5.25 of this Act, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the financial condition of the institution or otherwise seriously prejudice the interest of the stockholders of the institution prior to completion of the proceedings conducted under section 5.25, the Farm Credit Administration may issue a temporary order requiring the institution or person to cease and desist from any such violation or practice and to take affirmative action to prevent such insolvency, dissipation, condition or prejudice pending completion of such proceedings. Such order shall become effective on service on the institution or person and, unless set aside, limited, or suspended by a court in proceedings authorized by subsection (b), shall remain effective and enforceable pending the completion of the administrative proceedings under the notice and until such time as the Farm Credit Administration dismisses the charges specified in the notice, or if a cease and desist order is issued against the institution or person, until the effective date of such order.

"(b) Within ten days after an institution or person has been served with a temporary cease and desist order under subsection (a), the institution or person may apply to the United States district court for the district in which the principal office of the institution is located, or the United States District Court of the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceeding under the notice of charges served on the institution or person under section 5.25, and such court shall have jurisdiction to issue such injunction.

"SEC. 5.27. ENFORCEMENT OF TEMPORARY CEASE AND DESIST ORDERS.—In the case of violation or threatened violation of, or failure to obey, a temporary cease and desist order issued under section 5.26, the Farm Credit Administration may apply to the United States district court for the district in which the principal office of the institution is located, for an injunction to enforce such order, and if the court determines that there has been such violatioin or threatened violation or failure to obey, it shall be the duty of the court to issue such injunction.

"SEC. 5.28. REMOVAL OR SUSPENSION OF DIRECTOR OR OFFICER.—(a) The Farm Credit Administration may serve on any director or officer of an institution of the Farm Credit System a written notice of its intention to remove such director or officer from office if the Farm Credit Administration has reasonable cause to believe that—

"(1) the director or officer has committed (A) any violation of law, rule, or regulation, or a cease and desist order that has become final; (B) has engaged or participated in any unsafe or unsound practice in connection with the management of the institution; or (C) has committed or engaged in any act, omission, or practice that constitutes a breach of such person's fiduciary duty as a director or officer; and

"(2)(A)(i) the institution has suffered or will probably suffer material financial loss or other damage, or the interest of its stockholders could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty; or (ii) the director or officer has received financial gain by reason of such violation or practice or breach of fiduciary duty; and (B) such violation or practice or breach of fiduciary duty is one that involves personal dishonesty on the part of the director or officer, or one that demonstrates a willful, grossly negligent, or continuing disregard for the safety or soundness of the institution.

"(b) The Farm Credit Administration may serve on any director or officer of an institution of the Farm Credit System a written notice of its intention to remove such director or officer from office if the Farm Credit Administration has reasonable cause to believe that the director or officer, by conduct or practice with respect to any institution of the System or other business entity that resulted in substantial financial loss or other damage, has evidenced either personal dishonesty or a willful, grossly negligent, or continuing disregard for the safety and soundness of the institution or entity, and has evidenced unfitness to continue as a director or officer.

"(c) The Farm Credit Administration may serve on any person participating in the conduct of the affairs of an institution of the Farm Credit System written notice of its intention to prohibit such person from further participation in the conduct of the affairs of the institution whenever the Farm Credit Administration has reasonable cause to believe that such person, by conduct or practice with respect to any institution of the Farm Credit System or other business entity that resulted in substantial financial loss or other damage, has evidenced either personal dishonesty or a willful, grossly negligent, or continuing disregard for the safety and soundness of the institution or entity, and has evidenced unfitness to participate in the conduct of the affairs of such institution.

"(d) If the Farm Credit Administration deems it necessary for the protection of the institution or the interests of the stockholders of the institution prior to completion of proceedings under subsection (a), (b), or (c), the Farm Credit Administration, by written notice served on a director, officer, or other person subject to such proceedings, may suspend such person from office or temporarily prohibit such person from further participation in the conduct of the affairs of the institution, as the case may be. Such suspension or temporary prohibition shall become effective on service of such notice, and unless stayed by a court in proceedings authorized by subsection (g), shall remain in effect pending the completion of the administrative proceedings under the notice served under subsection (a), (b), or (c) and until such time as the Farm Credit Administration dismisses the charges specified in such notice, or if an order of removal or prohibition is issued against the person, until the effective date of such order. A copy of any notice issued under this subsection shall be served on the institution concerned.

"(e) Any notice served on a person under subsection (a), (b), or (c) shall contain a statement of the facts constituting the grounds therefor and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days or later than sixty days after the day of service of such notice, unless an earlier or a later date is set by the Farm Credit Administration at the request of the person on whom the notice was served. If a person on whom the notice was served fails to appear at the hearing in person or by a duly authorized representative, such person shall be deemed to have consented to the issuance of an order of removal or prohibition. If consent is so deemed, or if the Farm Credit Administration finds on the record made at the hearing that any of the grounds specified in such notice have been established, the Farm Credit Administration may issue such orders of removal or suspension from office, or prohibition from participation in the conduct of the affairs of the institution, as it may deem appropriate. A copy of any order issued under this subsection shall be served upon the institution concerned.

"(f) An order issued under subsection (e) shall become effective at the end of thirty days after service on the person to whom it is directed (except in the case of an order issued on consent, such order shall become effective at the time specified therein). The order shall remain effective and enforceable except to the extent that it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

"(g) Within ten days after a director, officer, or other person participating in the conduct of the affairs of an institution of the Farm Credit System has been served a notice under subsection (d), such person may apply to the United States district court for the district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of any suspension or temporary prohibition under the order pending the completion of the administrative proceedings under the notice served under subsection (a), (b), or (c), and such court shall have jurisdiction to stay any such suspension or prohibition.

"SEC. 5.29. SUSPENSION OR REMOVAL OF A DIRECTOR OR OFFICER CHARGED WITH A FELONY.—(a) Whenever any director or officer of an institution of the Farm

Credit System, or other person participating in the conduct of the affairs of such institution, is charged in any information, indictment, or complaint, authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding one year under State or Federal law, the Farm Credit Administration, by written notice served upon the person, may suspend the person from office or temporarily prohibit the person from further participation in the conduct of the affairs of the institution if continued service or participation by the person poses a threat to the interest of the institution's stockholders or may threaten to impair public confidence in the institution. A copy of such notice shall also be served on the institution concerned. Such suspension or temporary prohibition shall be effective on service and shall remain effective and enforceable until the final disposition of such information, indictment, or complaint except to the extent that it is stayed, modified, or terminated by the Farm Credit Administration. If a judgment of conviction with respect to such crime is entered against the person, and at such time as such judgment is not subject to further appellate review, the Farm Credit Administration may issue and serve on the person an order removing the person from office, or prohibiting the person from further participation in the conduct of the affairs of the institution except with the consent of the Farm Credit Administration, if continued service or participation by the person may pose a threat to the interests of the institution's stockholders or may threaten to impair public confidence in the institution. Such order shall be effective on service and shall remain effective and enforceable except to the extent that it is stayed, modified, or terminated by the Farm Credit Administration. A copy of such order shall also be served upon the institution concerned. A finding of not guilty or other disposition of the charge shall not preclude the Farm Credit Administration from thereafter instituting proceedings to remove the director or officer from office or to prohibit the person from further participation in the conduct of the affairs of the institution under section 5.28 of this Act.

"(b) Within thirty days after service of any notice of suspension or temporary prohibition or any order of removal or prohibition issued under subsection (a), the person concerned may request in writing an opportunity to appear before the Farm Credit Administration to show that continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the stockholders of the institution or threaten to impair public confidence in the institution. On receipt of any such request, the Farm Credit Administration shall fix a time (not more than thirty days after receipt of such request, unless extended at the request of the concerned person) and place at which the person may appear, personally or through counsel, before one or more designated employees of the Farm Credit Administration to submit written materials (or, at the discretion of the Farm Credit Administration, oral testimony) and oral argument. Within sixty days after such hearing, the Farm Credit Administration shall notify the person whether the suspension or temporary prohibition will be continued, terminated, or otherwise modified, or whether the order of removal or prohibition will be rescinded or otherwise modified. Such notification shall contain a statement of the basis for the Farm Credit Administration's decision, if adverse to the director, officer, or other person.

"SEC. 5.30. HEARINGS AND JUDICIAL REVIEW.—(a) Any hearing provided for in this part (except section 5.29) shall be held in the Federal judicial district in which the principal office of the System institution is located unless the person afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. Such hearing shall be private unless the Farm Credit Administration, in its discretion, after fully considering the views of the person afforded the hearing, determines that a public hearing is necessary to protect the public interest. After such hearing, and within ninety days after the person has been notified that the case has been submitted by an administrative law judge to the Farm Credit Administration Board for final decision, the Farm Credit Administration Board shall (1) render a decision that includes the findings of fact on which it is based, and (2) issue and serve on each party to the proceeding an order or orders consistent with the provisions of this part. Judicial review of any such order shall be exclusive as provided in subsection (b). Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (b), and thereafter until the record in the proceeding has been filed as so provided, the Farm Credit Administration at any time, on such notice and in such manner as it shall deem proper, may modify, terminate, or set-aside any such order. On such filing of the record, the Farm Credit Administration may modify, terminate, or set aside any such order with permission of the court.

"(b) Any party to the proceedings under subsection (a), or any person required by an order issued under section 5.25(b) of this Act to cease and desist from any of the violations or practices stated therein, may obtain a review of any order served under subsection (a) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the Farm Credit Administration be modified, terminated, or set-aside. A copy of such petition shall be transmitted forthwith by the clerk of the court to the Farm Credit Administration, and thereon the Farm Credit Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28 of the United States Code. On the filing of such petition, such court shall have exclusive jurisdiction to affirm, modify, terminate, or set-aside, in whole or in part, the order of the Farm Credit Administration. Review of such proceedings shall be had as provided in chapter 7 of title 5 of the United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court of the United States on certiorari, as provided in section 1254 of title 28 of the United States Code.

"(c) The commencement of proceedings for judicial review under subsection (b), unless specifically ordered by the court, shall not operate as a stay of any order issued by the Farm Credit Administration.

"SEC. 5.31. JURISDICTION AND ENFORCEMENT.—The Farm Credit Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for the enforcement of any effective and outstanding notice or order issued under this part, and such courts shall have jurisdiction and power to order and require compliance herewith. However, except as otherwise provided in this part, no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part, or to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.32. PENALTY.—(a) Any System institution or any officer, director, employee, or agent thereof, or any person participating in the conduct of the affairs of such institution who violates any of the provisions of this Act or the terms of any order issued under section 5.25 or 5.26 of this Act that has become final, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues. The Farm Credit Administration, in its discretion, may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section. The penalty may be assessed and collected by the Farm Credit Administration by written notice.

"(b) In determining the amount of the penalty, the Farm Credit Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of any previous violations, and such other matters as justice may require.

"(c) the System institution or person assessed shall be afforded an opportunity for a hearing by the Farm Credit Administration on request made within ten days after issuance of the notice of assessment. In such hearing all issues shall be determined on the record under section 554 of title 5 of the United States Code. The agency determination shall be made by final order, which may be reviewed only as provided in subsection (d). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

"(d) Any System institution or person against whom an order imposing a civil money penalty has been entered after a hearing under this section may obtain review by the United States court of appeals for the circuit in which the principal office of the System institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within twenty days after the service of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Farm Credit Administration. The Farm Credit Administration shall promptly certify and file in such court the record on which the penalty was imposed, as provided in section 2112 of title 28 of the United States Code. The findings of the

Farm Credit Administration shall be set aside if found to be unsupported by substantial evidence, as provided by section 706(2)(E) of title 5 of the United States Code.

"(e) If any System institution or person fails to pay an assessment after it has become a final and unappealable order or after the court of appeals has entered final judgment in favor of the Farm Credit Administration, the Farm Credit Administration shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) All penalties collected under authority of this section shall be covered into the Treasury of the United States.

"SEC. 5.33. REPLACEMENT OR SUSPENDED OR REMOVED DIRECTORS.—If, at any time, because of the suspension or removal of one or more directors under section 5.28 or 5.29 of this Act, there shall be on the board of directors of a System institution less than a quorum of directors not so suspended or removed, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum of the Board pending any appeal of such removal until such time as those who have been removed are reinstated or their respective successors are duly elected and take office.

"SEC. 5.34. DEFINITIONS.—As used in this part—(a) the phrases 'cease and desist order that has become final' and 'order that has become final' mean a cease and desist order, or an order, issued by the Farm Credit Administration with the consent of the System institution or the director or officer or other person concerned, or with respect to which no petition for review of the action of the Farm Credit Administration has been filed and perfected in a court of appeals as specified in section 5.30(b) of this Act, or with respect to which the action of the court in which the petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for in section 5.30(b), or an order issued under section 5.29(a) or (b) of this Act;

"(b) the term 'violate' means to act (alone or with one or more persons) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

"(c) the term 'violation' includes without limitation any action (alone or with one or more persons) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

"(d) the term 'System institution' includes the institutions enumerated in section 1.2 of this Act, service organizations chartered under part D of title IV of this Act, and the

Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act; and

"(e) the term 'unsafe or unsound practice' shall be defined by the Farm Credit Administration by rule, regulation, or order.

"SEC. 5.35. NOTICE OF SERVICE.—Any service required or authorized to be made by the Farm Credit Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Farm Credit Administration may, by regulation or otherwise, provide. Copies of any notice or order served by the Farm Credit Administration on any association or any director or officer thereof or other person participating in the conduct of its affairs, under the provisions of this part, shall also be sent to the supervisory bank.

"SEC. 5.36. ANCILLARY PROVISIONS; SUBPOENA POWER.—In the course of, or in connection with, any proceeding under this part, the Farm Credit Administration, or any designated representative thereof, including any person designated to conduct any hearing under this part, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum. The Farm Credit Administration shall make rules and regulations with respect to any such proceedings, claims, examinations, or investigations. The attendance of witnesses and the production of documents provided for in this section may be required from any place in any State or territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted. The Farm Credit Administration or any party to proceedings under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the district in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued under this section and such courts shall have jurisdiction and power to order and require compliance therewith. Witnesses subpoenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States. Any court having jurisdiction of any proceeding instituted under this part by any System institution or other person, may allow to any such institution or person such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the institution or from its assets. Any person who willfully fails or refuses to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records if in such person's power so to do, in obedience to the subpoena of the Farm

Credit Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for a term of not more than one year, or both.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 205. (a)(1) Title V of the Farm Credit Act of 1971 is further amended by inserting after section 5.36, as added by section 204, the following heading:

"PART D—MISCELLANEOUS".

(2) Sections, 5.26, 5.27, 5.28, 5.29, and 5.30 of the Farm Credit Act of 1971 are redesignated as sections 5.40, 5.41, 5.42, 5.43, and 5.44, respectively.

(b) Section 2.15 of the Farm Credit Act of 1971 is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) striking out "regulations" and inserting in lieu thereof "standards"; and

(B) striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to the provisions of"; and

(3) in the last sentence of subsection (b)—

(A) striking out "regulations" and inserting in lieu thereof "standards"; and

(B) striking out "or of Farm Credit Administration".

(c) Title I of the Farm Credit Act of 1971 is amended by—

(1) in section 1.4—

(A) striking out "the supervision of" in the matter preceding paragraph (1) and inserting in lieu thereof "regulation by";

(B) in paragraph (17), striking out "vested in or delegated to the bank";

(C) striking out paragraph (19); and

(D) redesignating paragraphs (20), (21), (22), and (23) as paragraphs (19), (20, (21), and (22), respectively;

(2) in section 1.5(d), striking out "to the Governor of";

(3) in section 1.5(e), striking out "the Governor of" in the first sentence;

(4) in section 1.13—

(A) striking out "GOVERNOR" in the section heading and inserting in lieu thereof "FARM CREDIT ADMINISTRATION";

(B) striking out "the Governor of" in the seventh sentence;

(C) striking out "Governor" each place that word appears in the eighth, ninth, and tenth sentences and inserting in lieu thereof "Farm Credit Administration"; and

(D) striking out "him" and "he" in the tenth sentence and inserting in lieu thereof, in both instances, "Farm Credit Administration";

(5) in section 1.15—

(A) inserting "the regulation" before "of the Farm Credit Administration" in the matter preceding paragraph (1); and

(B) striking out "or delegated to" in paragraph (12);

(6) in section 1.17(b)—

(A) striking out paragraph (2); and

(B) redesignating paragraph (2) as paragraph (3); and

(7) in section 1.20, striking out "the Governor of".

(d) Title II of the Farm Credit Act of 1971 is amended by—

(1) in section 2.1—

(A) striking out "the supervision of" in the matter preceding paragraph (1) and inserting in lieu thereof "regulation";

(B) striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(C) striking paragraph (21);

(2) in the first sentence of section 2.2(d), striking out "the Governor of";

(3) in section 2.2(f)—

(A) striking out "the Governor of" and "other than the tax imposed by section 4.0(c)" in the first sentence; and

(B) striking out "the Governor of" in the second sentence;

(4) in section 2.2(g), striking out "the Governor of" in the ninth sentence;

(5) in section 2.2(h), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration";

(6) in the first sentence of section 2.3(c)—

(A) striking out "(a)(1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(B) striking out "(in the case of financing institution under subsection (a)(2) of this section)";

(7) in the first sentence of section 2.6(a)—

(A) striking out "the Governor of";

(B) striking out paragraph (4); and

(C) redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively;

(8) in the first sentence of section 2.6(b), striking out "the Governor of";

(9) in section 2.6(c)—

(A) striking out "the Governor of" in the first sentence; and

(B) striking out the third sentence;

(10) in the first sentence of section 2.7, striking out "the Governor of";

(11) in section 2.10—

(A) striking out "the Governor of" in the sixth sentence;

(B) striking out "Governor" in the seventh sentence and inserting in lieu thereof "Farm Credit Administration";

(C) striking out "Governor" in the eighth sentence and inserting in lieu thereof "Farm Credit Administration"; and

(D) in the ninth sentence—

(i) striking out "Governor" and inserting in lieu thereof "Farm Credit Administration"; and

(ii) striking out "him" and "he" and inserting in lieu thereof in both places "Farm Credit Administration";

(12) in section 2.12—

(A) in the matter preceding paragraph (1), inserting "regulation by" before "the Farm Credit Administration"; and

(B) striking out "or the Farm Credit Administration" in paragraph (19);

(13) in section 2.13(c), striking out "the Governor of";

(14) in section 2.13(d), striking out "Governor" both places that word appears and inserting in lieu thereof "Farm Credit Administration";

(15) in section 2.13(j), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration"; and

(16) in section 2.14(b), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration".

(e) Title III of the Farm Credit Act of 1971 is amended by—

(1) in section 3.1—

(A) in the matter preceding paragraph (1), striking out "supervision" and inserting in lieu thereof "regulation";

(B) in paragraph (13)(A), inserting "under regulations issued" after "authorized";

(C) striking out paragraph (16); and

(D) redesignating paragraphs (17), (18), and (19) as paragraphs (16), (17), and (18), respectively;

(2) in section 3.2(a), striking out "Governor with the advice and consent of the Federal Farm Credit Board"; and inserting in lieu thereof "Farm Credit Administration";

(3) in section 3.3(d), inserting "under regulations issued by" after "authorized";

(4) in section 3.3(e), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration";

(5) in section 3.4, striking out "the Governor of";

(6) in section 3.5—

(A) striking out "the Governor" and "to the extent required by section 4.0(b) of this Act" in the first sentence; and

(B) in the third sentence, striking out "When the requirements of section 4.0(b) have been met, voting" inserting in lieu thereof "Voting";

(7) in the first sentence of section 3.11(a)—

(A) striking out "the Governor of";

(B) striking out paragraph (3); and

(C) redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively;

(8) in section 3.11(b)—

(A) striking out "the Governor of" in the first sentence; and

(B) striking out the third sentence;

(9) in section 3.12, striking out "the Governor of" both places that phrase appears in the first sentence; and

(10) in section 3.13, striking out "the Governor of" in the second sentence.

(f) Title IV of the Farm Credit Act of 1971 is further amended by—

(1) in section 4.2—

(A) in the matter preceding subsection (a), striking out "supervision of" and inserting in lieu thereof "regulation by";

(B) in subsection (b)—

(i) striking out "4.3(b)" and inserting in lieu thereof "4.3(c)"; and

(ii) striking out "the Governor" and inserting in lieu thereof "the Farm Credit Administration";

(C) in subsection (c), striking out "the Governor" and inserting in lieu thereof "the Farm Credit Administration"; and

(D) in subsection (d)—

(i) striking out "the Governor" in the first sentence and inserting in lieu thereof "the Farm Credit Administration"; and

(ii) in the second sentence, striking out "the Governor" both places that phrase appears and inserting in lieu thereof "the Farm Credit Administration";

(2) in section 4.4(b)—

(A) striking out "the Governor to execute" in the first sentence and inserting in lieu thereof "the execution of"; and

(B) striking out "by the Governor" in the second sentence;

(3) in section 4.5, striking out "the Governor" in the fourth sentence and inserting in lieu thereof "the Farm Credit Administration";

(4) in section 4.11, striking out "the Governor with the advice and consent of the Federal Farm

Credit Board" and inserting in lieu thereof "the Farm Credit Administration";

(5) in section 4.12(a), striking out "Federal Farm Credit Board" in the third sentence and inserting in lieu thereof "Farm Credit Administration";

(6) in the first sentence of section 4.17, inserting ", as provided in section 5.17(a)(5) of this Act," after "with the approval of";

(7) in section 4.18, inserting "under regulations issued by" before "the Farm Credit Administration";

(8) in section 4.25—

(A) striking out "the Governor of" in the second sentence;

(B) striking out "Governor" in the third sentence and inserting in lieu thereof "Farm Credit Administration"; and

(C) striking out "Governor" in the fourth sentence and inserting in lieu thereof "Farm Credit Administration";

(9) in section 4.26—

(A) striking out "GOVERNOR" in the section heading and inserting in lieu thereof "FARM CREDIT ADMINISTRATION";

(B) striking out "Governor" wherever that word appears in the text and inserting in lieu thereof "Farm Credit Administration";

(C) striking out "he" in the first sentence and inserting in lieu thereof "Farm Credit Administration"; and

(10) in section 4.27, striking out "supervision" and inserting in lieu thereof "regulation".

(g) Title V of the Farm Credit Act of 1971 is further amended by—

(1) in section 5.C—

(A) striking out "Federal Farm Credit Board" in the first and second sentences and inserting in lieu thereof "Farm Credit Administration"; and

(B) striking out "5.18(2)" in the third sentence and inserting in lieu thereof "5.17(2)";

(2) in section 5.1(a), striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board";

(3) in section 5.2(a), striking out "Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board";

(4) in section 5.2(d), striking out "sections 5.1 and 5.2" and inserting in lieu thereof "section 5.1 and this section";

(5) in section 5.6(a), striking out "supervision of" in paragraph (5) and inserting in lieu thereof "regulation by"; and

(6) in section 5.15(b), as so redesignated by section 201(5)—

(A) striking out "said Administration" both places that phrase appears in the first sentence and inserting in lieu thereof "the Farm Credit Administration"; and

(B) striking out "the Administration" and "such Administration" in the second sentence and inserting in lieu thereof "the Farm Credit Administration".

TITLE III—PROTECTION FOR FARMERS AND OTHER FARM CREDIT SYSTEM BORROWERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 301. (a) Section 4.13 of the Farm Credit Act of 1971 is redesignated as section 4.13B.

(b) The Farm Credit Act of 1971 is amended by inserting before section 4.13B, as so redesignated by subsection (a), the following:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring System lending institutions to provide to their borrowers, for all loans that are not subject to the Federal Truth in Lending Act, meaningful and timely disclosure of the following:

"(1) the current rate of interest on the loan;

"(2) in the case of an adjustable or variable rate loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are no such limitations, a statement to that effect, and the factors (including, but not limited to, the cost of funds, operating expenses, provision for loan losses, and the likelihood of financial assistance to or from other institutions in the System) that will be taken into account by the lending institution in determining adjustments to the interest rate;

"(3) the effect, as shown by a representative example or examples, of the required purchase of stock or participation certificates in the institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the borrower's loan.

"(b) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by System lending institutions in developing a policy governing forbearance. Each System lending institution shall provide borrowers with a copy of the institution's policy regarding forbearance at such time or times as the Farm Credit Administration shall prescribe in such regulations.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—The Farm Credit Administration shall promulgate regulations requiring banks and associations of the Farm Credit System to provide their borrowers, at the time of execution of loans, copies of all documents signed by the borrower and at any time thereafter, on a borrower's request, copies of all documents signed or delivered by the borrower. The regulations also shall require such banks and associations to provide their stockholders, on request, a copy of the institution's articles of incorporation or charter and bylaws.".

NOTICE ON APPLICATIONS

SEC. 302. Section 4.13B of the Farm Credit Act of 1971, as so redesignated by section 301(a), is amended by (1) inserting "written" before "notice" and (2) inserting, before the period at the end thereof, the following: ", and of the applicant's right to review under section 4.14".

RECONSIDERATION

SEC. 303. Section 4.14 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON LOAN APPLICATION.—The Farm Credit Administration shall promulgate regulations requiring the board of directors of each

Farm Credit System lending institution to establish a credit review committee. Any loan applicant who has received written notice, under section 4.13, of a decision to deny or reduce the loan applied for, if the applicant so requests in writing within thirty days after receiving such notice, may obtain a review of such decision in person before the credit review committee. Promptly after any such review, the applicant shall be notifed in writing of the credit review committee's decision and the reasons therefor.".

NOTICE WITH RESPECT TO STOCKHOLDERS ON LOAN DEFAULT

SEC. 304. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: "and on written notice to the stockholder".

(b) Section 2.13(k) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: ", on written notice to the borrower and approval by the bank of such retirement".

MINIMIZING THE ADVERSE EFFECT ON BORROWERS OF SYSTEM INSTITUTION INSOLVENCY

SEC. 305. (a) Section 4.12(a) of the Farm Credit Act of 1971 is amended by inserting, immediately after the first sentence, the following: "In the case of a liquidation of an association, such regulations, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.".

(b) Section 4.12(b) of the Farm Credit Act of 1971 is amended by inserting after subsection (b), as added by section 202, the following: "(c) In the case of an insolvency of an association, regulations of the Farm Credit Administration regarding insolvency, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the insolvency on those borrowers whose loans are purchased by or otherwise transferred to another System institution.".

TITLE IV—IMPLEMENTATION PROCEDURES

EFFECTIVE DATE

SEC. 401. The provisions of titles I through III of this Act shall become effective thirty days after enactment.

INTERIM IMPLEMENTATION

SEC. 402. (a) Until the Chairman of the Farm Credit Administration Board provided for under section 201(1) of this Act is appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the Chairman prescribed for the Chairman by this Act.

(b) Until at least three members of the Farm Credit Administration Board provided under section 201(1) of this Act are appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the Farm Credit Administration Board prescribed for such Board by this Act: *Provided,* That when the Chairman of such Board is so appointed and confirmed, the Chairman shall assume any responsibilities and powers of the Board being exercised by the Governor under this subsection.

SENSE OF CONGRESS

SEC. 403. It is the sense of Congress that the pressing needs of the Farm Credit System and the United States agricultural industry require the implementation of this Act as soon as practicable, and that the President should ensure that the members of the Farm Credit Administration Board constituted under section 201(1) are appointed not later than thirty days after enactment of this Act.

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SUMMARY

99TH CONGRESS
1ST SESSION

H. R. 3792

To amend the Farm Credit Act of 1971, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 1985

MR. DE LA GARZA (for himself, Mr. MADIGAN, Mr. JONES of Tennessee, and Mr. COLEMAN of Missouri) introduced the following bill; which was referred to the Committee on Agriculture

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The bill is built around three major features which would:

I -- Give the Farm Credit System (FCS) broader authority to use its own resources to shore up weak System units.

II -- Reshape the Farm Credit Administration (FCA), an independent federal agency, to make it a stronger, arm's-length regulator of the System.

III -- Provide that if the Farm Credit Administration certifies that the System needs financial aid and has made the maximum practicable effort to deal with financial stress, the Secretary of the Treasury would have discretionary power to backstop the System's finances by purchasing obligations of a System unit called the Farm Credit System Capital Corporation in amounts determined by the Secretary.

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Major provisions of the bill include:

I - SYSTEM SELF-HELP

This portion of the bill is designed to enable the System to assist troubled individual institutions by more effectively marshalling the resources of its network of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives. To accomplish this, the bill requires the creation of a new FCS institution to be called the Farm Credit System Capital

Corporation.

The FCS-CC would:

-- Provide a central source of financial assistance to individual FCS institutions. This could take the form of stock purchases, loans or contributions (made in accordance with Farm Credit Administration regulations) where a local unit could not operate without aid.

-- Serve as a System-wide "warehouse" to which System institutions could sell acquired properties and loans on which farmers had not made payments. The FCS-CC could hold, restructure and administer the loans, and it could refinance, reamortize or otherwise adjust debts for borrowers on any such purchased loans, or eventually liquidate loans if necessary. The FCS-CC could require a troubled unit to sell "non-performing" loans to the corporation before receiving financial assistance.

-- Assist FCS institutions in restructuring or refinancing loans of their member-borrowers, or participate with those institutions in holding non-performing loans at the local level.

To finance its activities, the FCS-CC could:

-- Draw funds from other System institutions by steps including required stock purchases or assessments under guidelines set by the Farm Credit Administration. The power to draw on resources of other system units would be limited by provisions stating that (a) - The FCS-CC could not require other units to dip into the stock held by their member-borrowers as a contribution to the new central aid fund, and (b) - the FCS-CC's levies could not reach a point at which the financial viability of local institutions would be imperiled, or at which local institutions would be left unable to make credit available to borrowers on reasonable terms.

-- Receive and administer aid coming from outside the System.

The bill includes safeguards designed to assure that the FCS-CC's powers could not be used in a way that would allow the corporation to develop into a primary, nationwide supplier of credit for farmers, ranchers and cooperatives. The corporation's powers would be limited to those laid down in the bill.

Other provisions affecting the FCS-CC include:

-- The corporation could join with other System institutions in issuing System-wide securities. It would be jointly liable with other System units for any principal or interest payments which an individual System bank could not make. And it could borrow money on its own responsibility.

-- The FCS-CC would be run by a five-member Board of Directors appointed by the Chairman of the FCA. Three members would be selected from the elected members of Farm Credit District boards, and the remaining two would come from outside the System.

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II -- STRONGER INDEPENDENT REGULATION

The Farm Credit Administration (FCA), an existing federal agency which supervises FCS activities, would be reorganized and strengthened. The FCA would abandon past practices which amount to day-to-day participation in management of System activities and would become an arm's-length regulator like other similar federal agencies. It would have new powers including authority to issue cease-and-desist orders to System institutions and power to issue regulations to insure that borrowers get full information about their loans.

At present, the FCA is directed by a part-time Board which chooses a full-time Governor to run the agency. Under the new organization, however:

-- The agency would be operated by a full-time, five-member Presidentially-appointed Board serving six-year staggered terms, with one of the Board members named by the President as chairman. The chairman would be the chief executive officer of the FCA and could name members of the former part-time Farm Credit Board to one or more new advisory committees.

Powers and responsibilities of the re-shaped FCA would include:

-- Providing for regular examinations of System institutions by FCA examiners (a function handled in the past by the System itself).

-- Requiring each System institution to publish annual reports on its financial condition audited by an independent public accountant.

-- Issuing cease-and-desist orders to System institutions if the FCA finds any engaging or about to engage in unsafe or unsound practices or violating FCA regulations. FCA would have authority where necessary to issue temporary orders designed to immediately halt unsafe practices. Temporary orders would take effect immediately and remain in effect, unless suspended or limited by a court, while proceedings on permanent orders were underway.

-- Setting minimum capital levels which must be maintained by all System institutions, and providing that failure to maintain these levels would be an unsafe practice.

-- Appointing a conservator or receiver for any System institution in cases where the unit is insolvent or where its survival is threatened by unsafe or unsound practices, or where a final cease-and-desist order has been violated. Such action would be subject to court review.

-- Approving the issuance of System securities, including setting standards or criteria for interest rates paid on these securities. Similarly, the FCA could set standards or criteria for interest rates paid by System borrowers.

-- Regulating the preparation by System institutions of reports to both stockholders and investors of information on the financial condition and operations of the institutions.

FCA powers aimed at borrower protection would include:

-- Power to require System institutions to disclose to borrowers, in the case of variable rate loans, the amount or frequency of permissible rate changes and factors to be used in determining changes.

-- Power to require that borrowers be given written notice of action on loan applications including explanations of any denials, power to require that borrowers who are turned down be given the right to appeal, and power to require written notice of actions by System institutions to retire or cancel borrower stock.

-- Power to require that System institutions provide borrower-stockholders, on request, with copies of documents relating to their loans.

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III - ADDITIONAL FEDERAL BACKUP

To protect the stability of the Farm Credit System if weakness in the farm economy stretches its own resources to the danger point, the bill provides a mechanism for discretionary backstop aid from the federal government. Under this section of the bill, the Farm Credit System would be given treatment similar to that already provided by law for other federally-chartered financial institutions.

Here is how the new FCS assistance authority would operate:

-- First, the Farm Credit Administration would have to certify that the System needs financial assistance and has committed its own available capital surplus and reserves to the point where a further drain on System resources would probably leave its institutions unable to serve their borrowers on reasonable terms.

-- Following this FCA certification, the Secretary of the Treasury would have authority, at his own discretion, to buy any obligations issued by the Farm Credit System Capital Corporation and to provide terms for repayment of the assistance. The wording of the bill leaves final determination of the amount of any such aid to the Secretary following his consultations with credit officials.

-- When the FCA makes a certification that aid is needed, the notice will go to Congress as well as to the Secretary of the Treasury. The Secretary would have 45 days to announce whether he would use his discretionary power to provide aid.

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(r85/104)

MDB577

[27 November 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY Mr. Jones

Page 29, beginning in line 13, strike out ``institutions'' and all that follows through ``fund'' in line 15 and insert in lieu thereof ``Capital Corporation out of the revolving fund referred to in section 4.0''.

Page 54, strike out lines 18 through 21 and insert in lieu thereof the following:

(2) in section 1.5(d), striking out ``to the Governor of the Farm Credit Administration,'';

(3) in section 1.5(e)--

(A) striking out the first sentence; and

(B) striking out ``other'' in the second sentence;

Page 55, line 20, insert ``the Farm Credit Administration'' after ``Governor of''.

Page 56, line 9, insert ``the Farm Credit Administration, and may''.

Page 56, strike out lines 11 through 15 and insert in lieu thereof the following:

(A) striking out ``Dividends'' and all that follows through ``noncumulative'' and inserting ``Noncumulative'' in lieu thereof in the first sentence; and

(B) striking out ``when the Governor of the Farm Credit Administration holds no stock in the bank,'' in the second sentence;

Page 56, strike out line 16 through line 17 and insert in lieu thereof the following:

(4) in section 2.2(g), striking out ``After all stock held'' and all that follows through ``other stock'' and inserting in lieu thereof ``The bank may retire stock'';

Page 56, strike out line 25 and all that follows through line 10 on page 57 and insert in lieu thereof the following:

(7) striking out subsections (a) and (b) of section 2.6;

(8) in section 2.6(c) by striking out ``If, at'' and all that follows through ``the net earnings of such

bank'' and inserting in lieu thereof ``At the end of each fiscal year, the net earnings of each Federal intermediate credit bank''.

Redesignate succeeding paragraphs accordingly.

Page 57, line 12, strike out ``the Governor of'' and insert in lieu thereof ``, of all the stock held by the Governor of the Farm Credit Administration at par; third''.

Page 58, line 11, after ``of'' insert ``the Farm Credit Administration and''.

Page 58, strike out lines 12 through 14 and insert in lieu thereof the following:

(13) in section 2.13(d)--

(A) by striking out ``to the Governor and''; and

(B) by striking out ``, except that all'' and all that follows through ``voting hereunder''.

Page 58, beginning in line 15, strike out ``Governor'' and all that follows through line 17 and insert in lieu thereof the following:

the Governor or''; and

Page 58, beginning in line 18, strike out ``Governor'' and all that follows through line 20 and insert in lieu thereof the following:

, except that when the Governor'' and all that follows through ``Administration''.

Page 59, beginning in line 16, strike out ``Governor'' and all that follows through line 17 and insert in lieu thereof the following:

, except for stock held by the Governor,''.

Page 59, strike out lines 20 through 22 and insert in lieu thereof the following:

(A) striking out the first sentence and all that follows through ``nonvoting'' in the second sentence and inserting ``Nonvoting'' in lieu thereof.

Page 60, strike out line 1 and all that follows through line 14 and insert in lieu thereof the following:

(7) striking out subsection (a) of section 3.11;

(8) in section 3.11--

(A) in subsection (b), by striking out ``Whenever'' and all that follows through ``Administration, the net'' and inserting in lieu thereof ``At the end of each fiscal year, the net''; and

(B) in each of subsections (c) and (d), by striking out ``subsections (a) or (b)'' and inserting ``subsection (b)'' in lieu thereof;

(9) in section 3.12--

(A) by striking out ``, any stock held by the Governor of the Farm Credit Administration at par''; and

(B) by striking out ``stock held by the Governor of the Farm Credit Administration,''; and

(10) in section 3.13, by striking out the last sentence.

MDB575

[2 December 1985]

TECHNICAL AMENDMENTS TO H.R. 3792, AS INTRODUCED

OFFERED BY Mr. Jones

On the first page, beginning in line 3, strike out ``Act Amendments'' and insert ``Amendments Act'' in lieu thereof.

Page 4, line 16, strike out the semicolon and insert a period in lieu thereof.

Page 5 beginning in line 4, strike out ``cease-and-desist'' and insert ``cease and desist'' in lieu thereof.

Page 6, line 12, strike out ``Act Amendments'' and insert ``Amendments Act'' in lieu thereof.

Page 6, line 14, strike out ``part'' and insert ``Act'' in lieu thereof.

Page 6, line 14, strike out `` ` the'' and insert `` the ` '' in lieu thereof.

Page 6, beginning in line 21, strike out ``The Capital'' and all that follows through ``shall'' in line 22 and insert in lieu thereof ``It shall be the purpose of the Capital

Corporation to''.

Page 11, line 10, strike out ``System wide'' and insert ``System-wide'' in lieu thereof.

Page 14, line 13, insert ``or participated in'' after ``purchased''.

Page 15, line 2, insert ``of the United States Code'' after ``title 5''.

Page 15, line 18, insert an open quotation mark before ``Sec.''.

Page 17, line 16, strike out ``Capitol'' and insert ``Capital'' in lieu thereof.

Page 19, line 2, strike out the open quotation mark.

Page 19, line 2, strike out ``204'' and insert ``104'' in lieu thereof.

Page 19, line 3, strike out both commas.

Page 19, line 5, strike out ``To'' and insert ``TO'' in lieu thereof.

Page 19, line 14, strike out ``Part'' and insert ``Act'' in lieu thereof.

Page 19, line 15, insert a comma after ``purchased''.

[Page 19, line 17, strike out ``face'' and insert ``book'' in lieu thereof.]

Page 19, line 23, strike out the open quotation mark.

Page 20, line 3, insert an open quotation mark before ``SEC.''.

Page 20, line 15, insert a comma after ``members''.

Page 26, beginning in line 3, strike out ``Act'' and all that follows through ``1985'' in line 4 and insert in lieu thereof ``Amendments Act of 1985''.

Page 26, line 16, strike out ``the''.

Page 28, line 1, insert ``each of'' before ``institutions.

MDB575

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Page 28, line 5, insert ``each of'' before ``institutions.

Page 28, line 8, strike out ``5.18'' and insert ``5.19'' in lieu thereof.

Page 28, line 19, strike out ``sections 4.2 (c) and (d)'' and insert ``subsections (c) and (d) of section 4.2''.

Page 29, line 8, strike out ``Established'' and insert ``Establish'' in lieu thereof.

Page 29, beginning in line 13, strike out ``institutions'' and all that follows through ``fund'' in line 15 and insert in lieu thereof ``Capital Corporation out of the revolving fund referred to in section 4.0''.

Page 29, line 22, strike out ``the provisions of''.

Page 29, beginning in line 23, strike out ``of the Farm Credit Administration'' and all that follows through ``institutions'' in line 2 on page 30, and inserting in lieu thereof ``conferred on it by part C of this title''.

Page 30, line 7, strike out ``of Federal'' and insert ``or Federal'' in lieu thereof.

Page 31, line 11, strike out ``Act Amendments'' and insert Amendments Act'' in lieu thereof.

Page 33, line 8, strike out ``5.19''.

Page 33, line 16, strike out ``CEASE-AND-DESIST'' and insert ``CEASE AND DESIST'' in lieu thereof.

Page 34, line 20, strike out ``cease-and-desist'' and insert cease and desist'' in lieu thereof.

Page 36, line 6, insert a comma after ``condition''.

Page 36, line 24, strike out ``proceeding'' and insert ``proceedings'' in lieu thereof.

Page 37, line 10, strike out ``violatioin'' and insert ``violation'' in lieu thereof.

Page 45, line 14, strike out ``set-aside'' and insert ``set aside'' in lieu thereof.

Page 46, in each of lines 3 and 10, strike out ``set-aside'' and insert ``set aside'' in lieu thereof.

Page 47, line 5, strike out ``cmurt'' and insert ``court'' in lieu thereof.

Page 47, line 5, strike out ``jurisdictimn'' and insert ``jurisdiction'' in lieu thereof.

Page 48, line 3, strike out ``the'' and insert ``The'' in lieu thereof.

Page 49, line 15, strike out ``OR'' and insert ``OF'' in lieu thereof.

Page 53, line 10, strike out the comma after ``Sections''.

Page 54, after line 5, insert the following:

(c) Section 1.2 of the Farm Credit Act of 1971 is amended by striking out ``supervision of'' and inserting ``regulation by'' in lieu thereof.

Redesignate succeeding subsections accordingly.

Page 54, line 9, strike out ``the'' the first place it appears.

Page 55, line 9, insert ``the'' before ``Farm Credit''.

Page 55, line 18, strike out ``(2)'' and insert ``(3)'' in lieu thereof.

Page 55, line 19, strike out ``(3)'' and insert ``(2)'' in lieu thereof.

Page 56, line 3, insert ``by'' after ``regulation''.

Page 56, line 7, insert ``out'' after ``striking''.

Page 56, line 23, strike out ``third'' and insert ``fourth'' in lieu thereof.

Page 56, line 24, strike out ``stitution'' and insert ``stitutions'' in lieu thereof.

Page 61, in each of lines 1, 2, 4, 5, 8, 10, 12, 13, 16, 18, 21, 22, and 24, strike out ``the''.

Page 61, line 12, strike out ``both places that phrase'' and insert ``each place it''.

Page 61, line 24, insert ``the second sentence of'' before ``section''.

Page 62, line 1, strike out ``the''.

Page 62, strike out line 9 and all that follows thorugh line 10 and insert in lieu thereof the following:

(7) in section 4.18, inserting ``under regulations issued'' after ``authorized'';

Page 63, line 5, insert ``the'' before ``Farm Credit''.

Page 63, line 18, strike out ``(a)'' and insert ``(b)'' in lieu thereof.

Page 64, in each of lines 3 and 25, strike out ``lending''.

Page 65, line 4, strike out ``Federal''.

Page 65, line 4, after ``Act'' insert ``(15 U.S.C. 1601 et seq.).

Page 66, line 1, strike out ``lending''.

Page 67, line 1, strike out ``lending''.

Page 67, line 24, insert ``voluntary'' before liquidation.

Page 68, line 4, strike out ``(b)''.

Page 68, line 5, strike out ``subsection (b), as'' and insert ``the subsection (b)'' in lieu thereof.

Page 68, line 6, strike out ``202,'' and insert ``102'' in lieu thereof.

Page 68, line 6, make the quoted material a new indented paragraph rather than run-on.

Page 68, line 6, strike out ``insolvency'' and insert ``involuntary liquidation'' in lieu thereof.

Page 68, line 8, strike out ``regarding insolvency''.

Page 68, line 10, strike out ``insolvency'' and insert ``liquidation'' in lieu thereof.

Page 68, in each of lines 19 and 26, insert ``the amendment made by'' before ``section 201(1)''.

Page 68, line 25, strike out ``(b) Until'' and insert in lieu thereof ``(b)(1) Except as provided in paragraph (2), until''.

Page 69, line 6, strike out ``: *Provided*, That when'' and insert ``(2) When'' in lieu thereof, making a new paragraph beginning with the matter so inserted.

Page 69, after line 9 insert the following:

(c) All regulations of the Farm Credit Administration or the institutions of the system, and all charters, bylaws, resolutions, stock classifications, and policy directives issued or approved by the Farm Credit Administration, and all elections held and appointments made under the Farm Credit Act of 1971, before the date of enactment of this Act, shall be continuing and remain valid until superseded, modified, or replaced under the authority of this Act.

Amendment to H.R. 3792, As Introduced
Offered by Mr. Coleman of Missouri

Page 33, strike out line 11 and all that follows through line 4, page 53, and insert in lieu thereof the following:

Sec. 204. Title V of the Farm Credit Act of 1971 is amended by inserting after section 5.24, as so redesignated by section 203(b), the following:

''PART C--ENFORCEMENT POWERS OF FARM CREDIT ADMINISTRATION

''Sec. 5.25. Cease and Desist Proceedings.--(a) If, in the opinion of the Farm Credit Administration, any institution in the Farm Credit System, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such an institution is engaging or has engaged, or the Farm Credit Administration has reasonable cause to believe that the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution is about to engage, in an unsafe or unsound practice in conducting the business of such institution, or is violating or has violated, or the Farm Credit Administration has reasonable cause to believe that the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Farm Credit administration in connection with the granting of any application or other request by the institution or any written agreement entered into with the Farm Credit Administration, the Farm Credit Administration may issue and serve upon the institution or such director, officer, employee, agent, or other person a notice of charges in respect thereof. The notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices, and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist therefrom should issue against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Farm Credit Administration at the request of any party so served. Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, they shall be deemed to have consented to the issuance of the cease and desist order. In the event of such consent, or if upon the record made at any such hearing, the Farm Credit Administration shall find that any violation or unsafe or unsound practice specified in the notice of charges has been established, the Farm Credit Administration may issue and serve upon the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice. Such order may, by provisions which may be manadatory or otherwise, require the institution or its directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to cease and desist from the same, and, further, to take affirmative action to correct the conditions resulting from any such violation or practice.

''(b) A cease and desist order shall become effective at the expiration of thirty days after the service of such order upon the institution or other person concerned (except in the case of a cease and desist order issued upon consent, which shall become effective at the time specified therein), and shall remain effective and enforceable as provided therein except to such extent as it is stayed, modified, terminated, or set aside by action of the Farm Credit Administration or a reviewing court.

''Sec. 5.26. Temporary Cease and Desist Orders.--(a) Whenever the Farm Credit Administration shall determine that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served upon the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution under section 5.25, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the intrests of the investers in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted under sectin 5.25, the Farm Credit Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person to cease and desist from any such violation or practice and to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings. Such order shall become effective upon service upon the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution and, unless set aside, limited, or suspended by a court in proceedings authorized by subsection (b), shall remain effective and enforceable pending the completion of the administrative proceedings pursuant to such notice and until such time as the Farm Credit Administration shall dismiss the charges specified in such notice, or if a cease and desist order is issued against the institution or such director, officer, employee, agent, or other person, until effective date of such order.

''(b) Within ten days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease and desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the home office of the institution is located, or the United States district court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the institution or such director, officer, employee, agent, or other person under section 5.25, and such court shall have jurisdiction to issue such injunction.

''Sec. 5.27.Enforcement of Temporary Cease and Desist Orders.--In the case of violation or threatened violation of, or failure to obey, a temporary cease and desist order issued under section 5.26, the Farm Credit Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the home office of the institution is located, for an injunction to enforce such order, and, if the court shall determine that there has been such violation or threatened violation or failure to obey, it shall be the duty of the court to issue such injunction.

''Sec. 5.28.Suspension or Removal of Director or Officer.--Whenever, in the opinion of the Farm Credit Administration, any director or officer of any institution in the Farm Credit System has committed any violation of law, rule, or regulation or of a cease and desist order which has become final, or has engaged or participated in any unsafe or unsound practice in connection with the institution, or has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such director or officer, and the Farm Credit Administration determines that the institution has suffered or will probably suffer substantial financial loss or other damage or that the interests of its shareholders or investors in Farm Credit system obligations could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty, or tha the director or officer has received financial gain by reason of such violation or practice or breach of fiduciary duty, and that such violation or practice or breach of fiduciary duty is one involving personal dishonesty on the part of such director or officer, or one which demonstrates a willful or continuing disregard for the safety or soundness of the System institution, the Farm Credit Administration may serve upon such director or officer a written notice of its intention to remove him from office.

"(D) Whenever, in the opinion of the Farm Credit Administration, any director or officer of an institution in the Farm Credit System, by conduct or practice with respect to another institution in the Farm Credit System or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or a willful or continuing disregard for its safety and soundness and, in addition, has evidenced his unfitness to continue as a director or officer, and whenever, in the opinion of the Farm Credit Administration, any other person participating in the conduct of the affairs of an institution in the Farm Credit System, by the conduct or practice with respect to such institution or other institution in the Farm Credit System or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or a willful or continuing disregard for its safety and soundness and, in addition, has evidenced his unfitness to participate in the conduct of the affairs of such institution, the Farm Credit Administration may serve upon such director, officer, or other person a written notice of its intention to remove him from office or to prohibit his further participation in any manner in the conduct of the affairs of the institution.

''(c) In respect to any director or officer of an institution in the Farm Credit System or any other person referred to in subsection (a) or (b) of this section, the Farm Credit Administration may, if it deems it necessary for the protection of the institution or the interests of its shareholders and the investors in the Farm Credit System obligations, by written notice to such effect served upon such director, officer, or other person, suspend him from office or prohibit him from further participation in any manner in the conduct of the affairs of the institution. Such suspension or prohibition shall become effective upon service of such notice and, unless stayed by a court in proceedings authorized by subsection (e) of this section, shall remain in effect pending the completion of the administrative proceedings pursuant to the notice served under subsection (a) or (b) and until such time as the Farm Credit Administration shall dismiss the charges specified in such notice, or, if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of any such order. Copies of any such notice shall also be served upon the institution of which he is a director or officer or in the conduct of whose affairs he has participated.

"(d) A notice of intention to remove a director, officer, or other person from office or to prohibit his participation in the conduct of the affairs of an institution in the Farm Credit System, shall contain a statement of the facts constituting grounds therefor, and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after the date of service of such notice, unless an earlier or a later date is set by the Farm Credit Administration at the request of (1) such director or officer or other person, and for good cause shown, or (2) the Attorney General of the United States. Unless such director, officer, or other person shall appear at the hearing in person or by a duly authorized representative, he shall be deemed to have consented to the issuance of an order of such removal or prohibition. In the event of such consent, or if upon the record made at any such hearing the Farm Credit Administration shall find that any of the grounds specified in such notice have been established, the Farm Credit Administration may issue such orders of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as it may deem appropriate. A copy of an order issued under this subsection shall be served upon the institution concerned. Any such order shal become effective at the expiratio of thirty days after service upon such institution and the director, office, or other person concerned (except in the case of an order issued upon consent, which shall become effective at the time specified therein). Such order shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

''(e) Within ten days after any director, officer, or other person has been suspended from office and/or prohibited from participation in the conduct of the affairs of a System institution under subsection (d)(3) of this section, such director, officer, or other person may apply to the United States district court for the judicial district in which the home office of the institution is locaed, or the United States district court for the District of Columbia, for a stay of either such suspension or prohibition, or both, pending the completion of the administrative proceedings pursuant to the notice served upon such director, officer, or other person under subsection (a) or (b), and such court shall have jurisdiction to stay either such suspension or prohibition, or both.

''Sec. 5.29. Suspension or Removal of Director or Officer

Charged With Felony.--(a) Whenever any director or officer of an institution in the Farm Credit System, or other person participating in the conduct of the affairs of such institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust which is punishable by imprisonment for a term exceeding one year under State or Federal law, the Farm Credit Administration may, if continued service or participation by the individual may pose a threat ot the interest of the institution's shareholders or the investors in the Farm Credit System obligations or may threaten to impair public confidence in the institution or Farm Credit System, by written notice served upon such directork officer, or other person, suspend him from office or prohibit him from further participation in any manner in the conduct of the affairs of the institution. A copy of such notice shall also be served upon the institution. Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Farm Credit Administration. In the event that a judgment or conviction with respect to such crime is entered against such director, office, or other person, and at such time as such judgment is not subject to further appellate review, the Farm Credit Administration may, if continued service or participation by the individual may pose a threat to the interests of the institution's shareholders or the investors in Farm Credit System obligations or may threaten to impair public confidence in the institution or the Farm Credit System, issue and serve upon such director, officer, or other person an order removing him from office or prohibiting him from further participation in any manner in the conduct of the affairs of the institution except with the consent of the Farm Credit Administration. A copy of such order shall also be served upon such institution, whereupon such director or officer shall cease to be a director or officer of such institution. A finding of not guilty or other disposition of the charge shall not preclude the Farm Credit Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in Farm Credit System affairs, pursuant to paragraph (1), (2), or (3) of subsection (d) of this section. Any notice of suspension or order of removal issued under this paragraph shall remain effective and outstanding until the completion of any hearing or appeal authorized under paragraph (3) hereof unless terminated by the Farm Credit Administration.

"(b) Within thirty days from service of any notice of suspension or order of removal issued under subsection (a), the director, officer, or other person concerned may request in writing an opportunity to appear before the Farm Credit Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interest in Farm Credit System olbigations. Upon receipt of any such request, the Farm Credit Administration shall fix a time (not more than thirty days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration or designated employees of the Farm Credit Administration to submit written materials (or, at the discretion of the Farm Credit Administration, oral testimony) and oral argument. Within sixty days of such hearing, the Farm Credit Administration shall notify the director, officer, or other person whether the suspension or prohibition from participation in any manner in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing said director, officer or other person from office or prohibiting such individual from further participation in any manner in the conduct of the affairs of the institution will be rescinded or otherwise modified. Such notification shall contain a statement of the basis for the Farm Credit Administration's decision, if adverse to the director, officer or other person. The Farm Credit Administration is authorized to prescribe such rules as may be necessry to effectuate the purposes of this subsection.

''Sec. 5.30. Hearings and Judicial Review.--(a) Any hearing provided for in this part (other than the hearing provided for in section 5.29) shall be held in the Federal judicial district or in the territory in which the home office of the institution is located unless the party afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. Such hearing shall be private, unless the Farm Credit Administration, in its discretion, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest. After such hearing, and within ninety days after the Farm Credit Administration has notified the parties that the case has been submitted to it for final decision, it shall render its decision (which shall include findings of fact upon which its decision is predicated) and shall issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this part. Judicial review of any such order shall be exclusively as provided in this subsection (g). Unless a petition for review is timely filed in a court of appeals of the United States, as hereinafter provided in subsection (b), and thereafter until the record in the proceeding has been filed as so provided, the Farm Credit Administration may at any time, upon such notice and in such manner as it shall deem proper, modify, terminate, or set aside any such order. Upon such filing of the record, the Farm Credit Administration may modify, terminate, or set aside any such order with permission of the court.

''(b) Any party to the proceeding, or any person required by an order issued under this part to cease and desist from any of the violations or practices stated therein, may obtain a review of any order served under subsection (a) (other than an order issued with the consent of the System institution or the director or officer or other person concerned, or an order issued under section 5.29 by the filing in the court of appeals of the United States for the circuit in which the home office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the Farm Credit Administration be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Farm Credit Administration, and thereupon the Farm Credit Administration, and thereupon the Farm Credit

Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28 of the United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall except as provided in the last sentence of said paragraph (1) be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the agency. Review of such proceedings shall be had as provided in chapter 7 of title 5 of the United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28 of the United States Code.

''(c) The commencement of proceedings for judicial review under subsection (b) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Farm Credit Administration.

''Sec. 5.31. Jurisdiction and Enforcement.--The Farm Credit Administration may in its discretion apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the home office of the institution is located, for the enforcement of any effective and outstanding notice or order issued under this part, and such courts shall have jurisdiction and power to order and require compliance herewith; but except as otherwise provided in this part no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part, or to review, modify, suspend, terminate, or set aside any such notice or order.

''Sec. 5.32. Penalty..--(a) Any institution in the System which violates or any officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates the terms of any order which has become final and was issued under section 5.25 or 5.26 of this Act, shall forfeit and pay a civil penalty of not more than $1,000 per dya for each day during which such violation continues: Provided, That the Farm Credit Administration may, in its discretion, compromise, modify, or remit any civil money penalty which is subject to imposition or has been imposed under such authority. The penalty may be assessed and collected by the Farm Credit Administration by written notice.

''(b) In determining the amount of the penalty, the Farm Credit Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the System institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as justice may require.

"(c) The System institution or person assessed shall be afforded an opportunity for a hearing by the Farm Credit Administration, upon request made within ten days after issuance of the notice of assessment. In such hearing all issues shall be determined on the record pursuant to section 554 of title 5 of the United States Code. The Farm Credit Administration determination shall be made by final order which may be reviewed only as provided in subsection (d). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

"(d) Any System institution or person against whom an order imposing a civil money penalty has been entered after a Farm Credit Administration hearing under this section may obtain review by the United States court of appeals for the circuit in which the home office of the System institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within twenty days from the service of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Farm Crdit Administration. The Farm Credit Administration shall promptly certify and file in such Court the record upon which the penalty was imposed, as provided in section 2112 of title 28 o the United Staes Code. The findings of the Farm Credit Administration shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(E) of title 5 of the United States Code.

''(e) If any System institution or person fails to pay an assessment after it has become a final and unappealable order, or after the court of appeals has entered final judgment in favor of the Farm Credit Administration, the Farm Credit Administration shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

''(f) The Farm Credit Administration shall promulgate regulations establishing procedures necessary to implement this paragraph.

''(g) All penalties collected under authority of this section shall becovered into the Treasury of the United States.

''Sec. 5.33.Further Penalties.--Any director or officer, or former director or officer of a System institution, or any other person, against whom there is outstanding and effective any notice or order (which is an order which has become final) served upon such director, officer, or other person under section 5.28 or 5.29 of this Act, and who (1) participates in any manner in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution, or (2) without the prior written approval of the Farm Credit Administraiton, votes for a director, serves or acts as a director, officer, or employee of any System institution, shall uponconviction be fined not more than $5,000 or imprisoned for not mor than one year, or both.

''Sec. 5.34. Replacement of Suspended or Removed Directors..--If at any time, because of the suspension or removal of one or more directors pursuant to section 5.28 or 5.29 of this Act, there shall be on the board of directors of a System institution less than a quorum of directors not so suspended, the Chairman shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum until such time as those who have been removed are reinstated or their respective successors are duly elected and take office.

''Sec 5.35. Definitions.--As used in this part--

''(1) the terms 'cease and desist order which has become final' and 'order which has become final' mean a cease and desist order, or an order, issued by the Farm Credit Administration with the consent of the System institution or the director or officer or other person concerned, or with respect to which no petition for review of the action of the Farm Credit administration has been filed and perfected in a court of appeals as specified in section 5.30(b) of this Act, or with respect to which the action of the court in which said petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for in section 5.30(b) of this Act, or an order issued under section 5.29 of this Act;

''(2) the term 'violation' includes without limitation any action (alone or with another or others) or or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

''(3) the terms 'institution in the System', 'System institution', and 'institution' mean all institutions enumerated in section 1.2 of this Act, any service organization chartered under part D of title IV of this Act, and the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act; and

''(4) the term 'unsafe or unsound practice' shall have the meaning given to it by the Farm Credit Administraiton by regulations, rule, or order.

''Sec. 5.36. Notice of Service..--Any service required or authorized to be made by the Farm Credit Administration under this section may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the

Farm Credit Administration may by regulation or otherwise provide. Any such service by mail is complete upon mailing. Copies of any notice or order served by the Farm Credit Administration on any association or any director or officer thereof or other person participating in the conduct of its affairs, under the provisions of this part, shall also be sent to the supervisory bank.

"Sec. 5.37. Ancillary Provisions; Subpena Power; Etc.--In the course of or in connection with any proceeding under this part or any examination or investigation under this Act, the Farm Credit Administration or any designated representative thereof, including any person designated to conduct any hearing under this part, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpenas and subpenas duces tecum; and the Farm Credit Administration is empowered to make rules and regulations with respect to any such proceedings, claims, examinations, or investigations. The attendance of witnesses and the productin of documents provided for in this section may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United Staes at any designated place where such proceeding is being conducted. The Farm Credit Administration or any party to proceedings under this part may apply to the United States

District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpena or subpena duces tecum issued pursuant to this part, and such courts shall have jurisdiction and power to order and require compliance therewith. Witnesses subpenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United Staets. Any court having jurisdiction of any proceeding instituted under this part by a System institution or a director or officer thereof, may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the System institution or from its assets. Any person who willfully shall fail or refuse to attend or testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if in such person's power so to do, in obedience to the subpena of the Farm Credit Administration, shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than one year or both.''.

EVANIA116

AMENDMENTS TO H.R. 3792, AS INTRODUCED

OFFERED BY MR. EVANS OF IOWA

Page 6, line 22, insert before ``shall'' the following: ``, for the sole purpose of carrying out a program of financial and technical assistance to institutions within the Farm Credit System which are experiencing financial difficulties,''.

EVANS 104

Amendment to H.R. 3792, As Introduced

Offered by Mr. Evans of Iowa

Page 15, after line 12 insert the following:

"(b) The powers of the Capital Corporation set forth in (a) of this section, to the extent they authorize financial assistance of any type to borrowers and System institutions, shall be limited after December 31, 1990 as provided in this subsection. The powers of the Capital Corporation to directly or indirectly increase the level of such financial assistance to a borrower or institution or to provide directly or indirectly any such financial assistance to a borrower or institution not receiving such assistance on December 31, 1990 shall terminate on that date. All other powers, including those necessary for management and orderly liquidation of commitments made and obligations incurred in providing such assistance to borrowers and institutions on or before December 31, 1990, shall remain in effect thereafter.";

Redesignate subsection "(b)" as subsection "(c)".

Jeffords

H.R. 3792

Limit on Farmer and Cooperative Interest Rates

On Pages 12 and 13

Section 103 is amended by deleting new paragraphs 4.28(H) 14(A) and (B) and (15) and inserting in lieu thereof the following:

"(A) issue standards to ensure that, consistent with sound business practices and subject to the criteria established under sub-paragraph (B) of this paragraph, the available networth of System institutions is committed to providing financial assistance to those institutions of the Farm Credit System eligible therefore; provided, that "available networth", as used in this sub-paragraph, shall not include capital stock, participation certificates and allocated equities held by borrowers that are not associations chartered under this Act;

"(B) establish criteria pursuant to which the Capital Corporation shall require other institutions of the Farm Credit System, through the purchase of stock in, or obligations of (at the contributing bank discretio, the Capital Corporation, and assessments to cover operating expenses not to include interest costs, to make funds available to the Capital Corporation under sections 4.28H(13) and 4.28(L) of the Act. Such criteria shall (a) provide for an equitable sharing of the burden of such assessments or purchases, taking into account (1) the relative financial strength and ability to pay of the contributing institutions; (2) the impact, including the effect on loan interest rates, on current borrowers and members of each System institution of the loss of the use of accumulated net worth of their institution;

and (3) the effect on lending rates of financial assistance already provided to other System institutions; and shall (b) be designed to assure that (1) the capital strength, earning capacity, loanable funds and overall financial viability of each System institution providing funds to the Capital Corporation are maintained at such a level that credit shall continue to be available to eligible borrowers on reasonable and competitive terms taking into account the relative rates and terms available to them prior to investments in the Capital Corporation, (2) that each bank shall continue to have access to funds in the public financial markets, and (3) that each bank is able to maintain an adequate margin of financial resources to satisfy its liability on its own obligations and on that portion of systemwide notes, bonds, debentures and other obligations for which it is primarily liable;

"14(C) In order to achieve the objectives contained in Subsection (B) and to limit the loan interest rate impact on System farmer and cooperative borrowers of purchases of stock, other obligations or assessments of the Capital Corporation, in no event shall the effect of any such purchases or assessments upon the lending rates of any System institution to its borrowers, exceed one-[redacted] quarter of one percent per year. Any contribution by any System institution to any other farm credit system financial assistance programs shall be deducted from any assessments by or required purchases of stock in or obligations of the Capital Corporation.

"(D) Establish criteria to be used in determining eligibility of System institutions for financial assistance from the Capital

Corporation and the types and amounts of financial assistance that can be obtained from the Corporation. Such regulations shall provide that an institution shall be eligible to receive financial assistance when its financial condition has deteriorated to a point where its continued operation is jeopardized and the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the institution's territory."

2. By redesignating paragraphs (16), (17), (18), (19), (20), (21), (22), and (23) as (15), (16), (17), (18), (19), (20), (21), and (22) respectively.

Explanation

H.R. 3792 would supplant current capital-sharing agreements among farm credit banks by authorizing the Farm Credit Administration to charter a central "Capital Corporation" with authority to require investments by or make assessments on healthy banks in order to cover losses at ailing institutions. The funds available for such contributions, however, are not liquid: loss reserves are maintained in order to cover present losses at a particular institution and earned surplus is typically reinvested in loans to farmers. Thus, healthy institutions would be required to borrow funds and increase their own debt in order to make contributions to ailing institutions. The cost of borrowing funds for these contributions must ultimately be borne by farmer-borrowers who are also the shareholders of farm credit banks and associations. These contributions, and the borrowing they will require, must be carefully controlled in order for each contributing institution to maintain interest rates at a level affordable to the farmer-borrowers of its region.

The absence of adequate safeguards against erosion of capital could lead to crippling interest rate increases not only for farmer-borrowers, but also for all other agricultural borrowers; a potential inability to service new farm borrowing needs; and a severely diminished ability to withstand a serious downturn in the agricultural economy of a particular region.

AMENDMENT TO H.R. 3792

OFFERED BY MR. STENHOLM

(LIMIT ON FARMER AND COOPERATIVE INTEREST RATES)

ON PAGES 12 AND 13

SECTION 103 IS AMENDED BY DELETING NEW PARAGRAPHS 4.28 (H) AND 14(A) AND (B) AND AND INSERTING IN LIEU THEREOF THE FOLLOWING:

"(A) ISSUE STANDARDS TO ENSURE THAT, CONSISTENT WITH SOUND BUSINESS PRACTICES AND SUBJECT TO THE CRITERIA ESTABLISHED UNDER SUB-PARAGRAPH (B) OF THIS PARAGRAPH, THE AVAILABLE NETWORTH OF SYSTEM INSTITUTIONS IS COMMITTED TO PROVIDING FINANCIAL ASSISTANCE TO THOSE INSTITUTIONS OF THE FARM CREDIT SYSTEM ELIGIBLE THEREFORE; PROVIDED, THAT "AVAILABLE NETWORTH", AS USED IN THIS SUB-PARAGRAPH, SHALL NOT INCLUDE CAPITAL STOCK, PARTICIPATION CERTIFICATES AND ALLOCATED EQUITIES HELD BY BORROWERS THAT ARE NOT ASSOCIATIONS CHARTERED UNDER THIS ACT;

"(B) ESTABLISH CRITERIA PURSUANT TO WHICH THE CAPTIAL CORPORATION SHALL REQUIRE OTHER INSTITUTIONS OF THE FARM CREDIT SYSTEM, THROUGH THE PURCHASE OF STOCK IN, OR OBLIGATIONS OF (AT THE CONTRIBUTING INSTITUTIONS DISCRETION), THE CAPTIAL CORPORATION, AND ASSESSMENTS TO COVER OPERATING EXPENSES NOT TO INCLUDE INTEREST COSTS, TO MAKE FUNDS AVAILABLE TO THE CAPITAL CORPORATION UNDER SECTIONS 4.28H(13) AND 4.28(L) OF THE ACT. SUCH CRITERIA SHALL (A) PROVIDE FOR AN EQUITABLE SHARING OF THE BURDEN OF SUCH ASSESSMENTS OR PURCHASES, TAKING INTO ACCOUNT (1) THE RELATIVE FINANCIAL STRENGTH AND ABILITY

TO PAY OF THE CONTRIBUTING INSTITUTIONS; (2) THE IMPACT, INCLUDING THE EFFECT ON LOAN INTEREST RATES, ON CURRENT BORROWERS AND MEMBERS OF EACH SYSTEM INSITUATION OF THE LOSS OF THE USE OF ACCUMULATED NET WORTH OF THEIR INSTITUTION; AND (3) THE EFFECT LENDING RATES OF FINANCIAL ASSISTANCE PROVIDED TO OTHER SYSTEM INSTITUTIONS; AND SHALL (B) BE DESIGNED TO ASSURE THAT (1) THE CAPITAL STRENGTH, EARNING CAPACITY, LOANABLE FUNDS AND OVERALL FINANCIAL VIABILITY OF EACH SYSTEM INSTITUTION PROVIDING FUNDS TO THE CAPTIAL CORPORATION ARE MAINTAINED AT SUCH A LEVEL THAT CREDIT SHALL CONTINUE TO BE AVAILABLE TO ELIGIBLE BORROWERS ON REASONABLE AND COMPETITIVE TERMS TAKING INTO ACCOUNT THE RELATIVE RATES AND TERMS AVAILABLE TO THEM PRIOR TO INVESTMENTS IN THE CAPITAL CORPORATION, (2) THAT EACH BANK SHALL CONTINUE TO HAVE ACCESS TO FUNDS IN THE PUBLIC FINANCIAL MARKETS, AND (3) THAT EACH BANK IS ABLE TO MAINTAIN AN ADEQUATE MARGIN OF FINANCIAL RESOURCES TO SATISFY ITS LIABILITY ON ITS OWN OBLIGATIONS AND ON THAT PORTION OF SYSTEMWIDE NOTES, BONDS, DEBENTURES AND OTHER OBLIGATIONS FOR WHICH IT IS PRIMARILY LIABLE;

"14(C) IN ORDER TO ACHIEVE THE OBJECTIVES CONTAINED IN SUBSECTION (B) AND TO LIMIT THE LOAN INTEREST RATE IMPACT ON SYSTEM FARMER AND COOPERATIVE BORROWERS OF PURCHASES OF STOCK, OTHER OBLIGATIONS OR ASSESSMENTS OF THE CAPITAL CORPORATION, IN NO EVENT SHALL THE EFFECT OF ANY SUCH PURCHASES OR ASSESSMENTS UPON THE LENDING RATES OF ANY SYSTEM INSTITUTION TO ITS BORROWERS, EXCEED ONE-HALF OF ONE PERCENT PER YEAR. ANY CONTRIBUTION BY ANY SYSTEM INSTITUTION TO ANY OTHER FARM CREDIT SYSTEM FINANCIAL ASSISTANCE PROGRAMS SHALL BE DEDUCTED FROM ANY ASSESSMENTS BY OR REQUIRED PURCHASES OF STOCK IN OR OBLIGATIONS OF THE CAPITAL CORPORATION.

(3)

"(D) Establish criteria to be used in determining eligibility of System institutions for financial assistance from the Capital Corporation and the types and amounts of financial assistance that can be obtained from the Corporation. Such regulations shall provide that an institution shall be eligible to receive financial assistance when its financial condition has deteriorated to a point where its continued operation is jeopardized and the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the institution's territory."

2. By redesignating paragraphs (16), (17), (18), (19), (20), (21), (22), and (23) as (15), (16), (17), (18), (19), (20), (21), and (22) respectively.

EVANIA096

[1 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY MR. EVANS OF IOWA

Page 68, after line 12 insert the following:

MINERAL RIGHTS LIMITATION

SEC. 306. The Farm Credit Act of 1971 is amended by inserting the following:

``PART F--MISCELLANEOUS

``SEC. 4.35. LIMITATION ON SEPARATE SALE.--If real property is acquired by any institution of the Farm Credit System through foreclosure, no institution of the Farm Credit System shall sell the surface rights to that real property to any person unless the institution also sells all mineral rights to that real property to that person.''.

#2

AMENDMENT TO H. R. 3792
TO BE OFFERED BY MR. GLICKMAN

On page 18, after "(a)" on line 18, insert the following: "and the reasons and documentation therefore, if that decision is not to purchase obligations of the Capital Corporation."

Amendment to H.R. 3792, As Introduced

Offered by Mr. Coleman

Page 68, after line 12, insert the following new title (redesignating the subsequent title and sections) and insert the following:

TITLE IV--MISCELLANEOUS AMENDMENTS

Sec. 401. Section 1.5 of the Farm Credit Act of 1971 is amended by adding at the end the following:

''(n) Nothing in this section limits the power of the Farm Credit Administration to provide general direction to Federal land banks with regard to the payment of dividends and patronage refunds.''.

Sec. 402. Subsection (a) of section 1.17 of the Farm Credit Act of 1971 is amended to read as follows:

''(a) Federal land banks shall be required to carry a reserve account. Such reserve account shall be kept in accordance with standards set by the Farm Credit Administration.''.

Sec. 403. Section 1.18 of the Farm Credit Act of 1971 is amended by--

(1) amending subsection (a) to read as follows:

''(a) Federal land bank associations shall be required to carry a reserve account. Such reserve account shall be kept in accordance with standards set by the Farm Credit Administration.'': and,

(2) adding at the end of subsection (b) the following: '' Nothing in this subsection limits the power of the Farm Credit Administration to provide general direction to Federal land bank associations with regard to the payment of dividends and patronage refunds.'.

Sec. 404. Subsection (f) of section 2.2 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following: ''Federal intermediate credit banks shall be subject to the general direction of the Farm Credit Administration with regard to the payment dividends.''.

Sec. 405. Section 2.14 of the Farm Credit Act of 1971 is amended by--

(1) amending subsection (a) to read as follows:

''(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of operating expenses first to the restoration of the impairment, if any, of capital; and second, to the establishment and maintenance of the surplus accounts, in accordance with standards set forth by the Farm Credit Administration.'';

(2)(A) in the first sentence of subsection (b), striking out ''so provide,'' and inserting in lieu thereof 'so provide and subject to the general directions of the Farm Credit Administration,'; and

(B) in the second sentence of subsection (b), striking out ''Any'' and inserting in lieu thereof ''In accordance with the foregoing, any'.

Sec. 406. Section 3.4 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following: '', subject to the general direction of the Farm Credit Administration''.

#2

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(An amendment which establishes the Farm Credit System Capital Corporation Board of Directors)

On Pages 7 and 8

Section 103 is amended by deleting new Section 4.28(C) and (D) and substituting the following:

"Sec. 4.28(C). BOARD OF DIRECTORS OF THE CAPITAL CORPORATION -- (a) The Board of Directors of the Capital Corporation shall consist of five members, four of whom shall be elected from the farm credit district boards of the banks that are contributing financial aid to the Capital Corporation formed pursuant to Sec. 4.28 A and L, and one of whom shall be appointed by the Chairman of the Farm Credit Administration. The person appointed by the Chairman shall be selected from United States citizens who are not borrowers from, shareholders in, or employees of any System institution, and who are experienced in financial services and credit. Members of the board of directors shall serve three year terms, except that, of the first board of directors, one elected member and one appointed member shall serve initial terms of one year. The board of directors shall elect, on an annual basis, a Chairman from among its members.

"(b) Members of the board may succeed themselves and may serve until their successors are duly seated. Vacancies on the board shall be filled in the same manner as the vacant position was previously filled."

All subsequent paragraphs shall be appropriately renumbered.

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date Tuesday, December 3, 1985

(Sub) Committee: Conservation, Credit, and Rural Development

Business Meeting -- p.m.

met at 1:15 p.m. o'clock, in Room 1302 Longworth House Office Building

for the purpose of considering H.R. 3792, the Farm Credit Act Amendments of 1985

The following Members were present:

Mr. Jones (Tenn.)
Mr. Glickman
Mr. Stenholm
Mr. Tallon
Mr. Evans (Ill.)
Mr. Thomas
Mr. Stallings
Mr. Brown
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Coleman
Mr. Jeffords
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr.
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Staff Present

Phillip L. Fraas, Counsel
John E. Hogan, Minority Counsel
Cristobal P. Aldrete, Special Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Bill O'Conner, Assistant Minority Staff Director
Glenda Temple, Clerk
Fred Clark, Staff Assistant

Witnesses:

Present to respond to Member's questions:

1. Mr. Doug Bellis, Office of Legislative Counsel, U.S. House of Representatives

2. Hon. Frank Naylor, Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

   Acc. by: Ms. Kathleen Lawrence, Deputy Under Secretary of Agriculture

3. Hon. Marvin Duncan, Senior Deputy Governor, Farm Credit Administration, McLean, Virginia

   Acc. by: Mr. Larry Edwards, Deputy Governor and Chief Examiner, Office of Examination and Supervision, Farm Credit Administration
   Mr. Frederick R. Medero, General Counsel, FCA
   Mr. Gary Norton, Office of General Counsel, FCA

4. Hon. Charles Setheness, Assistant Secretary for Domestic Finance, U.S. Department of the Treasury, Washington, D.C.

   Acc. by: Mr. Robert Zoellick

5. Mr. Douglas D. Sims, President, St. Louis Bank for Cooperatives, St. Louis, Missouri

U.S. GOVERNMENT PRINTING OFFICE: 1985 [illegible]

Tuesday, December 3, 1985
Conservation, Credit, and Rural
  Development Subcommittee
Business Meeting - p.m.
Farm Credit Act Amendments of 1985
H.R. 3792

Action Taken:

-- By roll call vote 8 yeas-6 nays Stenholm amendment establishing Farm Credit System Capital Corporation Board of Directors agreed to.

-- By voice vote Glickman amendment providing that chairman of the board be required to consult with Secretary of Agriculture on system policies.

-- By show of hands vote 4 yeas-5 nays Stallings amendment providing for sale of repossessed lands not approved.

-- Without objection Stenholm amendment providing additional provisions for loss reserves withdrawn.

-- By voice vote Gunderson amendment deleting expediency requirement agreed to.

-- By voice vote Gunderson amendment deleting establishment of branch offices approved.

-- Without objection Gunderson amendment on quorum of FCA Board reformed.

-- By voice vote Gunderson amendment, as reformed, adopted.

-- By voice vote Coleman amendment making terms and conditions for servicing loans acceptable to Capital Corporation approved.

-- Without objection Glickman amendment providing requirement for certification by FCA before approval of financial assistance reformed.

-- By roll call vote 8 yeas-6 nays Glickman amendment, as reformed, adopted.

-- Without objection Evans (Iowa) amendment on central reserve withdrawn for perfecting.

-- By voice vote Evans (Iowa) amendment on use of guarantees agreed to.

-- By voice vote Jeffords contributions in form of investment amendment approved.

-- Without objection Stenholm amendment providing for use of generally accepted accounting principles withdrawn.

-- By voice vote Stenholm amendment providing for Congressional review of Farm Credit System Capital Corporation agreed to.

-- By voice vote Stenholm amendment providing for use of generally accepted accounting principles approved.

Tuesday, December 3, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting - p.m.
Farm Credit Act Amendments of 1985
H.R. 3792

Chairman Jones (Tenn.) called the meeting to order for the continued consideration of H.R. 3792, and amendments thereto. The pending business at the conclusion of the morning session was an amendment by Mr. Stenholm to address the question of control of the Farm Credit System Capital Corporation. He explained again his amendment and discussion continued.

Mr. Gunderson advised that he would not offer his substitute amendment and discussion continued. By a show of hands vote of 5 yeas-3 nays the amendment was agreed to. Mr. Coleman requested a recorded vote and the clerk was directed to call the roll. The vote follows:

YEAS

1. Mr. Glickman
2. Mr. Stenholm
3. Mr. Evans (Ill.)
4. Mr. Thomas
5. Mr. Stallings
6. Mr. Jeffords
7. Mr. Gunderson
8. Mr. Morrison

NAYS

1. Mr. Coleman
2. Mr. Evans (Iowa)
3. Mr. Franklin
4. Mr. Jones (Tenn.)
5. Mr. Daschle (proxy to Mr. Jones)
6. Mr. Tallon (proxy to Mr. Jones)

Thus, by a roll call vote of 8 yeas-6 nays the Stenholm amendment was adopted.

Mr. Glickman offered the attached amendment to provide that the chairman of the board be required to consult with the Secretary of Agriculture in connection with the effect of system policies on farmers and the agricultural economy. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Stallings offered the attached amendment to provide that land repossessed by the Capital Corporation be sold again only through competitive bids with priority given to previous owners to discourage the accumulation or concentration of land in the hands of a few large corporations. Discussion occurred and by a show of hands vote of 4 yeas-5 nays the amendment was not approved.

Tuesday, December 3, 1985
Conservation, Credit, and Rural
  Development Subcommittee
Business Meeting - p.m.
Farm Credit Act Amendments of 1985
H.R. 3792

Mr. Stenholm offered the attached amendment to provide additional provisions for loss reserves. Discussion occurred and without objection Mr. Stenholm withdrew the amendment without prejudice to perfect the language to meet certain objections.

Mr. Gunderson offered the attached amendment to delete the words "or expedient" in the reference to the exercise of enumerated powers. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Gunderson offered an additional amendment (copy attached) to delete the establishment of Capital Corporation branch offices. By a voice vote the amendment was approved.

Mr. Gunderson offered a third amendment to modify the size of the FCA Board (copy attached). Discussion occurred and concern was expressed on the number of members necessary to constitute a quorum. Mr. Gunderson asked unanimous consent to reform his amendment to provide that a quorum would consist of 2 members. Without objection the Gunderson amendment was reformed and by a voice vote the amendment was then adopted.

Mr. Coleman offered the attached amendment to provide that the terms and conditions for restructuring and servicing the loans be acceptable to the Capital Corporation. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Glickman offered the attached amendment to provide a fourth requirement for certification by the FCA before financial assistance is approved. The proposal would freeze the salaries and benefits of the officers of the System. Discussion occurred and Mr. Evans (Iowa) suggested that the freeze be for a period of five years. Without objection, Mr. Glickman reformed his amendment to provide for the five-year freeze. By a show of hands vote of 3 yeas-5 nays the amendment was not adopted; whereupon Mr. Glickman requested a recorded vote. The clerk was directed to call the roll and the vote follows:

Tuesday, December 3, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting - p.m.
Farm Credit Act Amendments of 1985
H.R. 3792

YEAS

1. Mr. Glickman
2. Mr. Evans (Iowa)
3. Mr. Jones (Tenn.)
4. Mr. Daschle (proxy to Mr. Jones)
5. Mr. Tallon (proxy to Mr. Jones)
6. Mr. Evans (Ill.)(proxy to Mr. Jones)
7. Mr. Stallings (proxy to Mr. (Jones)
8. Mr. Brown (proxy to Mr. Jones)

NAYS

1. Mr. Stenholm
2. Mr. Thomas
3. Mr. Coleman
4. Mr. Gunderson
5. Mr. Franklin
6. Mr. Jeffords

Thus, by a roll call vote of 8 yeas-6 nays the Glickman amendment was approved.

Mr. Evans (Iowa) offered the attached amendment providing for a central reserve for the Farm Credit System. Discussion occurred and without objection the amendment was withdrawn without prejudice for perfecting.

Mr. Evans (Iowa) offered the attached amendment which would ensure the use of guarantees as an effective tool of the Capital Corporation. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Jeffords offered the attached contributions in the form of investment amendment. Discussion occurred and without objection Mr. Jeffords revised the amendment to delete the first part of the amendment and only add the assessment language. By a voice vote the amendment was then agreed to.

Mr. Stenholm offered the attached amendment to provide for the use of generally accepted accounting principles. Discussion occurred and counsel explained an upcoming amendment of Chairman Jones which would provide for FCA to develop such principles. Whereupon Mr. Stenholm withdrew his amendment without objection.

Tuesday, December 3, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting - p.m.
Farm Credit Act Amendment of 1985
H.R. 3792

Mr. Stenholm offered the attached amendment which would provide for Congressional review of the Farm Credit System Capital Corporation. Discussion occurred and by a voice vote the amendment was agreed to.

Mr. Stenholm then reoffered his amendment to include the use of generally accepted accounting principles. Discussion occurred and by a voice vote the language was approved.

During the proceedings one recess was taken at 1:45 p.m. to enable Members to respond to a recorded vote on the House floor. At 3:30 p.m. the meeting was recessed to reconvene either at 5:00 p.m. this date or 10:00 a.m. on Wednesday, December 4, depending on action on the House floor, for further consideration of H.R. 3792 and amendments thereto.

Glenda Temple

Glenda Temple

#3

AMENDMENT TO H. R. 3792
TO BE OFFERED BY MR. GLICKMAN

On page 23, line 24, delete the word, "and", and on page 24, line 2, insert the following before the period:

", and with the Secretary of Agriculture in connection with the effect of System policies on farmers and the agricultural economy".

STALLI006

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY MR. STALLINGS OF IDAHO

Page 17, line 3, after "cooperatives." insert "Any sale by the Capital Corporation of assets securing a liquidated loan shall be on a competitive bid basis with a priority given to the previous owner. The previous owner of the liquidated loan shall have the right to match the highest bid, if exercised not later than 60 days after notice of closing bids. No bid may be accepted before the end of such 60-day period. As among equal bidders, preference shall be given to family farmers and beginning farmers."

#3

AMENDMENT TO H.R. 3792

Offered by Mr. Stenholm

To provide for additional provision for loss reserves:

Title I is amended by adding the following new section:

"Sec. 104. Part B of Title II of the Farm Credit Act of 1971 is amended by striking out the parenthetical matter in subsection 2.14 (a) and inserting in lieu thereof the following:

> '(including provision for valuation reserves against loan assets in an amount equal to one-half of 1 per centum of the loans outstanding at the end of the fiscal year to the extent that earnings in such year in excess of other operating expenses permit, or in such greater amounts as are deemed necessary under generally accepted accounting principles, until such reserves equal or exceed 3½ per centum of the loans outstanding at the end of the fiscal year, beyond which 3½ per centum further additions to such reserves are not required but may be made)'."

AMENDMENT TO H.R. 3792

OFFERED BY MR. GUNDERSON

PAGE 15, LINE 11, delete the words "or expedient".

EXPLANATION: Current language grants the Capital Corporation such incidental powers as are "necessary or expedient" to carry out its enumerated powers. Broad incident powers should be granted if, indeed, necessary to the exercise of specifically granted powers, not if they are merely "expedient".

AMENDMENT TO H.R. 3792

OFFERED BY MR. GUNDERSON

PAGE 14, LINE 20, delete all of paragraph (21) in lines 20 through 22, and redesignate succeeding paragraphs accordingly.

EXPLANATION: Section 4.28H(6) [page 10, line 9] already grants the Capital Corporation the power to contract with System institutions for the local administration, servicing, and restructuring of loan and loan-related assets, and the management of acquired properties of the Corporation. The establishment of Capital Corporation branch offices would only duplicate such local assistance and, thus, result in an unnecessary bureaucracy.

AMENDMENT TO H.R. 3792

OFFERED BY MR. GUNDERSON

PAGE 20, LINE 15, delete "five" and insert in lieu thereof "three".

PAGE 20, LINE 19, delete "three" and insert in lieu thereof "two".

PAGE 21, LINE 4, delete "four" and insert in lieu thereof "two".

PAGE 21, LINE 6, delete "two" and insert in lieu thereof "one".

PAGE 21, LINE 7, delete "two" and insert in lieu thereof "one".

PAGE 21, LINE 21, delete "three" and insert in lieu thereof "one".

EXPLANATION: Modifies the size of the FCA Board from five members to three members (and makes conforming numerical amendments concerning membership in political parties, terms, and quorums) to bring the size of the FCA Board in line with that of the Federal Deposit Insurance Corporation (FDIC) and the Federal Home Loan Bank Board (FHLBB).

Amendment to H.R. 3792

Offered by Mr. Coleman

Page 14, line 19, immediately before the comma insert "acceptable to the Capital Corporation"

#1A

AMENDMENT TO H. R. 3792
TO BE OFFERED BY MR. GLICKMAN

On page 17, line 10, before the comma insert:

"(3) officers of System institutions have frozen their salaries and benefits, such freeze to remain in effect until such time as the Secretary no longer holds any obligations issued by the Capital Corporation", and change the number "(3)" on line 10 to "(4)".

EVANIA110

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY MR. EVANS OF IOWA

Page 19, after line 19 insert the following:

CENTRAL RESERVE

SEC. 105. Part A of title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by inserting after the section 4.9B inserted by section 5 of this Act the following:

``SEC. 4.9C. CENTRAL RESERVE FOR FARM CREDIT SYSTEM.--(a) The Farm Credit Administration shall, effective January 1, 1988, establish and maintain a central reserve for the Farm Credit System.

``(b) Such central reserve shall be held in the form of Treasury securities and demand deposits.

``(c) The Farm Credit Administration is authorized to use the reserve to make temporary deposits and temporary investments in financially troubled banks or associations of the Farm Credit System. [redacted] ``(d)(1) Except as provided in paragraph (2), the Farm Credit Administration shall order payments into such central reserve of one-TENTH [redacted] of 1 percent of the proceeds of each individual, consolidated, or System-wide note, bond, debenture, or other obligation issued by the Farm Credit System, or any part thereof, under this Act.

``(2)[redacted] Such payments under paragraph (1) shall not be made during any period when such central reserve contains the unobligated sum the Farm Credit Administration deems necessary to achieve the purposes of such central reserve, but not less than a sum equal to 3 percent of the total of loans outstanding on December 31 of the last preceding calendar year from institutions in the Farm Credit System to persons other than other such institutions.

``[redacted] ~~4.17(b)(4)~~.

``(3) The Farm Credit Administration may order payments by banks and associations in the Farm Credit System, other than the payments required under paragraph (1), into such central reserve.

``(e) The Farm Credit Administation shall require a bank or association to repay in whole or in part a temporary deposit or retire in whole or in part a temporary investment, made in such bank or association under this section, at such time as in the opinion of the Farm Credit Administration such bank or association has resources available therefor and the need for such temporary deposit or temporary investment is reduced or no longer exists.

``(f) The Farm Credit Administation shall issue rules and regulations implementing this section.''.

EVANIA100

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY MR. EVANS OF IOWA

Page 7, line 6, insert ``, and guarantee performing and nonperforming assets held by other Farm Credit Institutions'' before the semicolon.

Page 10, line 18, strike out ``sell and exchange'' and insert ``guarantee, sell, and exchange'' in lieu thereof.

Page 13, line 2, after ``loans,'' insert ``guarantees,''.

Page 14, line 10, after ``reamortize,'' insert ``guarantee,''.

H.R. 3792

CONTRIBUTIONS IN THE FORM OF INVESTMENT AMENDMENT

On pages 11 and 12,

Section 103 is amended by adding the following:

", at the discretion of the contributing bank,"

in line 20,

after the words "System, through the purchases of stock in, or"

and by adding the following:

"The Capital Corporation may also assess at such times and under such circumstances as it deems appropriate, System institutions for the purpose of covering its operating expenses not to include interest costs."

in line 25,

after the words "graph (15)"

#6

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(To provide for the usage of "generally accepted accounting principles").

Sec. 203 is amended by inserting a period after the words "generally accepted accounting principles" in the second sentence of new section 5.19 (b) and by striking out the remainder of that sentence.

#7

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(To provide for Congressional review of the Farm Credit System Capital Corporation)

Sec. 103 is amended by inserting the following matter at the end of new Sec. 428 A:

"The charter issued to the Farm Credit System Capital Corporation pursuant to this paragraph shall be reviewed on December 31, 1987. The Farm Credit Administration Board shall submit to Congress by December 31, 1987 a report and analysis of the activities of the Capital Corporation together with any recommendations for legislation to extend the charter of the Farm Credit System Capital Corporation."

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date Wednesday, December 4, 1985

(Sub) Committee: Conservation, Credit, and Rural Development
Business Meeting

met at 10:20 a.m. o'clock, in Room 1302 Longworth House Office Building

for the purpose of considering H.R. 3792, the Farm Credit Act
Amendments of 1985

The following Members were present:

Mr. Jones (Tenn.)
Mr. Weaver
Mr. Glickman
Mr. Tallon
Mr. Thomas
Mr. Stallings
Mr. de la Garza
Mr. ex officio
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Coleman
Mr. Jeffords
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Franklin
Mr. Madigan
Mr. ex officio
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Staff Present
Cristobal P. Aldrete, Special Counsel
John E. Hogan, Minority Counsel
Mark Dungan, Minority Associate Counsel
Bernard Brenner, Press Secretary
Bob Cashdollar, Subcommittee Staff Director
Jim Johnson, Staff Assistant
Susan Adkins, Minority Consultant
Bill O'Conner, Assistant Minority Staff Director
Chuck Hilty, Minority Staff Director
Glenda Temple, Clerk
Fred Clark, Staff Assistant
Francie Monaghan, Staff Assistant

Witnesses:

Present to respond to Member's questions:

1. Mr. Doug Bellis, Office of Legislative Counsel, U.S. House of Representatives

2. Hon. Frank Naylor, Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

   Acc. by: Ms. Kathleen Lawrence, Deputy Under Secretary of Agriculture

3. Hon. Marvin Duncan, Senior Deputy Governor, Farm Credit Administration, McLean, Virginia

   Acc. by: Mr. Larry Edwards, Deputy Governor and Chief Examiner, Office of Examination and Supervision, Farm Credit Administration
   Mr. Frederick R. Medero, General Counsel, FCA
   Mr. Gary Norton, Office of General Counsel, FCA

4. Hon. Charles Setheness, Assistant Secretary for Domestic Finance, U.S. Department of the Treasury, Washington, D.C.

   Acc. by: Mr. Robert Zoellick

5. Mr. Gene Swackhammer, President, Farm Credit Banks of Baltimore, Baltimore, Maryland

U.S. GOVERNMENT PRINTING OFFICE: 1985 46-201 [illegible]

Wednesday, December 4, 1985
Conservation, Credit, and Rural
  Development Subcommittee
Business Meeting
Farm Credit Act Amendments of 1985
H.R. 3792

Action Taken:

-- Without objection Jones (Tenn.) en bloc technical amendments reformed in two instances.

-- By voice vote Jones (Tenn.) en bloc technical amendments as reformed agreed to.

-- Without objection Weaver substitute amendment (language of H.R. 3823) withdrawn.

-- By show of hands vote 1 yea-7 nays Weaver amendment striking Treasury authority provisions not approved.

-- By voice vote Weaver $30 billion cap amendment not agreed to.

-- By voice vote Evans (Iowa) central reserve amendment approved.

-- Without objection Evans (Iowa) amendment providing for a National Commission on Agricultural Finance reformed by Mr. Glickman.

-- Without objection Evans (Iowa) National Commission on Agricultural Finance amendment reformed by Mr. Stallings.

-- By voice vote Evans (Iowa) amendment, as reformed, approved.

-- Without objection Stallings amendment on sales of repossessed lands reformed at suggestion of Mr. Franklin.

-- By voice vote Stallings amendment, as reformed, agreed to.

-- Without objection Glickman amendment on liability of directors and officers of the System withdrawn.

-- By voice vote and in the presence of a quorum H.R. 3792, as amended, ordered reported to the full Committee with the recommendation that it do pass.

Chairman Jones (Tenn.) called the meeting to order for the continued consideration of H.R. 3792, the Farm Credit Act Amendments of 1985. Mr. Jones offered en bloc the attached amendments which were the result of recommendations to the subcommittee at its hearings on the legislation. An explanation of the eight amendments is also attached.

Wednesday, December 4, 1985
Conservation, Credit, and Rural
Development Subcommittee
Business Meeting
Farm Credit Act Amendments of 1985
H.R. 3792

Discussion occurred and Mr. Jeffords clarified that the amendments were drafted to the bill before the adoption of certain amendments and that staff would have permission to make any technical changes required so as not to conflict with language already approved by the subcommittee. The Treasury Department representative suggested that the "fair market value" should be the measure in amendment numbered 581. Without objection staff was directed to make that change.

Farm Credit Administration representatives suggested that the amendment numbered 583 should be reformed to include "any commercial bank or System institution". Without objection staff was directed to reform the amendment accordingly. Discussion continued and by a voice vote the en bloc amendments were adopted, as reformed.

Mr. Weaver offered the language of H.R. 3823 (copy attached) as a substitute and discussion occurred. Mr. Glickman made a point of order on the germaneness of the legislation since it included referendum language outside the jurisdiction of the subcommittee. Following discussion the point of order was withdrawn. Discussion continued and Mr. Weaver was assured by Chairman de la Garza that he would be protected to offer the amendment in the full Committee. Whereupon, the amendment was withdrawn.

Mr. Weaver offered the attached amendment to strike the Treasury authority provisions. Discussion occurred and by a show of hands vote of 1 yea-7 nays the amendment was not agreed to.

Mr. Weaver offered the attached amendment to cap the obligations of the Capital Corporation at $30 billion. Discussion occurred. Mr. Weaver reformed his amendment to substitute language contained in the Senate-passed bill as follows:

> "The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation acts."

Discussion occurred and by a voice vote the amendment was not agreed to.

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Mr. Evans (Iowa) offered the attached amendment providing for a Central Reserve. Discussion occurred and by a voice vote the amendment was adopted.

Mr. Evans (Iowa) offered the attached amendment providing for a National Commission on Agricultural Finance. Discussion occurred and Mr. Glickman suggested that the report should be made to Congress and not to specific committees. Without objection, the amendment was reformed accordingly. Mr. Stallings circulated a similar amendment which he had planned to offer. He noted that in his amendment the 15-member Commission would be appointed as follows: President -- 7; House of Representatives -- 4; Senate -- 4. Discussion continued and Mr. Stallings asked unanimous consent that the Evans amendment be reformed accordingly. There was no objection. By a voice vote the Evans amendment, as reformed, was adopted.

Mr. Stallings offered the attached amendment which would make sure that the sales by the Capital Corporation of repossessed land would be made public so that all interested parties would have the opportunity to purchase them. Discussion occurred and Mr. Franklin suggested that the guidelines should be approved by the Corporation. Mr. Stallings asked unanimous consent to so reform his amendment and there was no objection. By a voice vote the amendment, as reformed, was approved.

Mr. Glickman offered the attached amendment dealing with the liability of directors and officers of System institutions. Discussion occurred and without objection the amendment was withdrawn without prejudice.

Mr. Coleman moved that H.R. 3792, as amended, be ordered reported to the full Committee with the recommendation that it do pass. By a voice vote the motion was agreed to in the presence of a quorum (10 Members present and voting).

Staff was given permission to make any technical or clerical changes in the bill as approved by the Subcommittee. The Chairman announced that the full Committee would meet at 2:00 p.m. this date to consider the legislation.

Mr. Franklin questioned the Administration representatives present on H.J.Res. 465, the continuing resolution, concerning the Farmers Home Administration.

At 11:55 a.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple

MDB579

[1 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY Mr. Jones

Page 29, beginning in line 10, strike out ``, repayment'' and all that follows through line 11 and insert in lieu thereof the following:

and repayment of funds and equities between institutions of the System.

``(7) Regulate the transfer of funds and equities between institutions of the System.

``(8) Provide for regulatory measures that ensure that--

``(A) institutions of the Farm Credit System comply with directions of the Capital Corporation relating to the use of the capital of such institutions to provide assistance to those institutions of the System eligible for such assistance; and

``(B) such directions do not imperil the financial viability of any such institution or preclude the institution's making credit available to eligible borrowers on reasonable terms or meeting its financial obligations.

Redesignate succeeding paragraphs accordingly.

Page 12, strike out line 10 and all that follows through line 24 and insert in lieu thereof the following:

"(14) direct that, to the maximum extent practicable and consistent with sound business practices, the available capital of System institutions (other than stock held by borrowers) is devoted to providing financial assistance to those System institutions eligible for such assistance;

MDB580

[27 November 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY Mr. Jones

Page 30, line 25, strike out the close quotation mark and the period that follows.

Page 30, after line 25 insert the following:

``(14) Require surety bonds or other provisions for protection of the assets of the institutions of the System against losses occasioned by employees.''.

MDB582

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY MR. Jones

Page 32, line 20, strike out ``or'' and all that follows through ``such institution.'' in line 24 and insert in lieu thereof ``and contain such additional information as the Farm Credit Administration by regulation may require.''

Page 33, strike out line 3 and all that follows through line 4 and insert in lieu thereof the following:

``(c) The Farm Credit Administration may publish the report of examination of any System institution that does not, before the end of the 120th day after the date of notification of the recommendations and suggestions of the Farm Credit Administration, based on such examination, comply with such recommendations and suggestions to the satisfaction of the Farm Credit Administration. The Farm Credit Administration shall give notice of intention to publish in the event of such noncompliance at least 90 days before such publication. Such notice of intention may be given any time after such notification of recommendations and suggestions.

MDB583

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY Mr. Jones

Page 11, strike out line 3 and all that follows through line 5 and insert in lieu thereof the following:

``(11) borrow from any commercial bank on its own individual responsibility on such terms and conditions as it may determine with the approval of the Farm Credit Administration;

MDB585

[2 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY Mr. Jones

Page 65, beginning in line 1, strike out ``The Farm'' and all that follows through ``lending institutions to'' in line 3 and insert in lieu thereof ``In accordance with regulations of the Farm Credit Administration, System institutions shall''.

Page 65, beginning in line 13, strike out ``, and the likelihood'' and all that follows through ``System'' in line 14.

Page 65, beginning in line 23, strike out ``The Farm'' and all that follows through ``lending institutions in developing'' in line 25 and insert in lieu thereof ``In accordance with regulations of the Farm Credit Administration, System institutions shall develop''.

Page 66, line 1, strike out ``lending''.

Page 66, beginning in line 6, strike out ``The Farm'' and all that follows through ``System to'' in line 8 and insert in lieu thereof ``In accordance with regulations of the Farm

Credit Administration, [System institutions][banks and associations of the Farm Credit System] shall''.

Page 66, beginning in line 11, strike out ``. The'' and all that follows through ``stockholders'' in line 13 and insert in lieu thereof ``, and at any time''.

Page 66, beginning in line 25, strike out ``The Farm'' and all that follows through ``requiring the'' in line 26 and insert ``The'' in lieu thereof.

Page 67, line 1, strike out ``lending institution to'' and insert ``institution shall'' in lieu thereof.

MDB586

[1 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY Mr. Jones

Page 10, after line 20, insert the following:

``(9) authorize, through its board of directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and voting or nonvoting securities, to the Secretary of the Treasury or the Farm Credit Administration, under such terms and conditions as shall be determined;

Redesignate succeeding paragraphs accordingly.

Page 17, line 16, strike out ``under this part'' and insert in lieu thereof ``under section 4.28H''.

MDB581

[1 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY Mr. Jones

Page 13, strike out line 12 and all that follows through line 20 and insert in lieu thereof the following:

``(16) purchase from any other System institution, on the request of such institution, loans (or interests in loans) that have been placed on a nonaccrual status and assets (or interests in assets) in the account for acquired properties;

FDB584

[1 December 1985]

Amendment to H.R. 3792, As Introduced

Offered by Mr. Jones

Page 18, beginning in line 8, strike out ''and shall bear'' and all that follows through ''United States'' in line 12 and insert in lieu thereof '', taking into consideration the objectives that System institutions retain the ability to make credit available to eligible borrowers on reasonable terms and that banks of the System continue to have access to funds in the public financial markets.''.

Brief Explanation of Amendments to H.R. 3792 offered en bloc by Mr. Jones (Tenn)

Amendments

#1.

(A) Clarifies the bill's intent that the Farm Credit Administration (FCA) continue to have authority to regulate the transfer of funds and equities within the Farm Credit System. This is consistent with other provisions of the bill which require the FCA to regulate the assessments made by the Capital Corporation.

(B) Corrects a drafting error to clarify that the FCA regulates the institutions of the Farm Credit System as they provide financial assistance to each other through the Capital Corporation. As originally drafted, this regulatory power was inadvertently assigned to the Capital Corporation.

(C) Clarifies that, while the Capital Corporation does not regulate institutions of the Farm Credit System, it does have the authority to direct the institutions to devote available capital to those other institutions eligible for financial assistance through the Corporation.

#2. Continues current law which gives the FCA the authority to require surety bonds. This is needed to ensure that Farm Credit System institutions are protected against losses caused by employees.

#3. Simplifies that section of the bill which requires the Capital Corporation to purchase nonaccrual loans and acquired properties from Farm Credit System institutions. As originally drafted, the bill requires that such loans and acquired properties be purchased "at current value." This phrase does not have a generally understood meaning. In fact, the "current value" may be based on an examination made months before, and therefore, be outdated. The amendment would eliminate references to valuation of assets purchased by the Capital Corporation.

#4.

(A) Clarifies the bill's intent that annual reports of condition of Farm Credit System institutions conform with generally accepted accounting principles (GAAP), and in addition, may contain other information as may be required by the Farm Credit Administration. As originally drafted, there is some question whether this provision of the bill is in conflict with GAAP.

(B) Changes the authority of the FCA to publish reports of examination of System institutions. As originally drafted, the FCA has unrestricted authority to order such reported to be published. The amendment would allow the Chairman of the

FCA to publish the reports if System institutions have failed to comply with FCA examination and reporting requirements within 120 days. The amendment also requires the Chairman of the FCA to give a 90-day notice prior to publishing such reports.

#5. Clarifies that the Capital Corporation may borrow on its own responsibility from commercial banks. As currently drafted, there is no restriction regarding the Corporation's authority to borrow on its own, thus leaving this power open for broad and misleading interpretations.

#6. Revises the standards which set guidelines to determine the interest rate of obligation which may be purchased from the Capital Corporation by the Secretary of the Treasury. As originally drafted, the bill requires the Secretary, in setting these interest rates, to take into consideration the current average market yield on outstanding obligations of the United States. The amendment would instead require the Secretary to take into consideration the objectives that the Farm Credit System retain the ability to make credit available to borrowers on reasonable terms and continue to have access to funds in the public financial markets. However, the amendment does not alter the Secretary's complete discretion as to whether he purchases obligations of the Capital Corporation, and it does not compromise the Secretary's discretion in setting the terms and conditions on the purchase of such obligations.

#7. Clarifies that Farm Credit System institutions, including the Capital Corporation, shall (under FCA regulation) disclose loan information and provide access to loan documents to borrowers at their request. Also clarifies that System institutions are to develop loan forebearance policies and establish credit review committees for reconsideration of adverse loan application decisions.

#8. Provides clear authority for the Capital Corporation to issue obligations to the Secretary of the Treasury. As originally drafted the bill authorizes the Secretary to purchase such obligations, but the bill neglected to give the Corporation the specific authority to sell these obligations to the Treasury. The amendment also provides a cross-reference of this authority in that section of the bill which authorizes the Secretary of the Treasury to act.

2710

I

99TH CONGRESS
1ST SESSION

H. R. 3823

To amend the Farm Credit Act of 1971, to amend the Agricultural Act of 1949 to provide for producer-approved wheat and feed grain referenda for the 1987 through 1990 crops of such commodities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 1985

Mr. WEAVER introduced the following bill; which was referred to the Committee on Agriculture

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A BILL

To amend the Farm Credit Act of 1971, to amend the Agricultural Act of 1949 to provide for producer-approved wheat and feed grain referenda for the 1987 through 1990 crops of such commodities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Farm Credit Act Amendments and Producer Referendum Act of 1985".

TITLE I—PROVISIONS TO STRENGTHEN THE OPERATION OF FARM CREDIT SYSTEM LENDING INSTITUTIONS

CAPITAL AND FINANCING

Sec. 101. Part A of title IV of the Farm Credit Act of 1971 is amended by—

(1) amending section 4.0 to read as follows:

"Sec. 4.0. Revolving Funds; Investments.—The revolving fund established by Public Law 87-343, 75 Stat. 758, as amended, and the revolving fund established by Public Law 87-494, 76 Stat. 109, as amended, and continued by Public Law 96-592, shall be merged and shall be available to the Farm Credit Administration for the purchase, on behalf of the United States, of capital stock of the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act. The Farm Credit Administration may make such purchases of stock as the Farm Credit Administration determines, in its discretion, are necessary to achieve the purposes of this Act.";

(2) striking out section 4.1;

(3) in section 4.3, striking out subsection (a) and redesignating subsection (b) as subsection (c) and inserting new subsections (a) and (b) as follows:

"Sec. 4.3. Capital Adequacy of Banks and Associations.—(a) The Farm Credit Administration shall cause System institutions to achieve and maintain adequate capital by establishing minimum levels of capital for such System institutions and by using such other methods as the Farm Credit Administration deems appropriate. The Farm Credit Administration may establish such minimum level of capital for a System institution as the Farm Credit Administration, in its discretion, deems to be necessary or appropriate in light of the particular circumstances of the System institution.

"(b)(1) Failure of a System institution to maintain capital at or above its minimum level as established under subsection (a) may be deemed by the Farm Credit Administration, in its discretion, to constitute an unsafe and unsound practice within the meaning of this Act.

"(2)(A) In addition to, or in lieu of, any other action authorized by law, including paragraph (1), the Farm Credit Administration may issue a directive to a System institution that fails to maintain capital at or above its required level as established under subsection (a). Such directive may require the System institution to submit and adhere to a plan acceptable to the Farm Credit Administration describing the means and timing by which the System institution shall achieve its required capital level, but may not require merger or consolidation without a majority vote of the voting stockholders or the contributors to the guaranty fund of the institution.

"(B) Any directive issued under this paragraph, including plans submitted pursuant thereto, shall be enforceable under the provisions of section 5.31 of this Act to the same extent as an effective and outstanding order issued under section 5.25 of this Act that has become final.

"(3) The Farm Credit Administration may consider such System institution's progress in adhering to any plan required under paragraph (2) whenever such System institution, or an affiliate thereof, seeks the requisite approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede such System institutions's progress in achieving its minimum capital level. The Farm Credit Administration may deny such approval where it determines that such proposal would adversely affect the ability of the System institution to comply with such plan."; and

(4) in section 4.4—

(A) redesignating subsection (c) as subsection (d); and

(B) inserting, after subsection (b), the following:

"(c) For purposes of this part, the term 'bank' shall include the Farm Credit System Capital Corporation chartered under part D1 of this title.".

APPOINTMENT OF CONSERVATOR OR RECEIVER

SEC. 102. Section 4.12 of the Farm Credit Act of 1971 is amended by striking out subsection (b) and inserting in lieu thereof the following:

"(b) The Farm Credit Administration may appoint a conservator or receiver for any System institution on the determination by the Farm Credit Administration that one or more of the following exists, or is occurring, with respect to the institution: (1) insolvency in that the assets of the institution are less than its obligations to its creditors and others, including its members; (2) substantial dissipation of assets or earnings due to any violation of law, rules, or regulations, or to any unsafe or unsound practice; (3) an unsafe or unsound condition to transact business; (4) willful violation of a cease-and-desist order that has become final; (5) concealment of books, papers, records, or assets of the institution or refusal to submit books, papers, records, or other material relating to the affairs of the institutions for inspection to any examiner or to any lawful agent of the Farm Credit Administration. The Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver. If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver as herein provided exists, the Farm Credit Administration may appoint ex parte and without notice a conservator or receiver for the institution. In the event of such appointment, the institution, within thirty days thereafter, may bring an action in the United States district court for the judicial district in which the home office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver, and the court, shall on the merits, dismiss such action or direct the Farm Credit Administration to remove such conservator or receiver. On the commencement of such an action, the court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 103. Title VI of the Farm Credit Act of 1971 is amended by inserting, after section 4.28, the following:

"PART D1—FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.28A. EXISTENCE OF CORPORATION.—The Farm Credit Administration, not later than sixty days after enactment of the Farm Credit Act Amendments of 1985, shall (1) charter the Farm Credit System Capital Corporation (referred to in this part as 'the Capital Corporation'), which, subject to the provisions of this part and the regulations of the Farm Credit Administration, shall be a federally chartered instrumentality of the United States and an institution of the Farm Credit System, and (2) revoke the charter for the Farm Credit System Capital Corporation issued under part D of this title.

"SEC. 4.28B. PURPOSES.—The Capital Corporation shall—

"(1) carry out a program of financial assistance among institutions of the Farm Credit System;

"(2) acquire from other Farm Credit System institutions and participate with such institutions in nonperforming assets of such institutions;

"(3) hold, restructure, collect, and otherwise administer nonperforming assets acquired from or participated in with other Farm Credit System institutions;

"(4) provide technical assistance and related services to other Farm Credit System institutions in connection with the administration of their loan portfolios;

"(5) provide assistance and related services to Farm Credit System institutions to assist them in restructuring or refinancing loans of their member-borrowers; and

"(6) receive and administer financial assistance for Farm Credit System institutions that originates outside of the Farm Credit System.

"SEC. 4.28C. BOARD OF DIRECTORS.—The Capital Corporation shall be governed by a board of directors composed of five members appointed by the Chairman of the Farm Credit Administration Board. Three of such members shall be appointed from among the elected members of the farm credit district boards established under title V of this Act and two of such members shall be individuals representing the public interest who are not members of such boards, nor directors, officers, or employees of any institution of the Farm Credit System. The term of office of the directors of the Capital Corporation shall be three years, except that the terms of office of three of the members first appointed under this section shall expire, one on the expiration of one year after the date of appointment and two on the expiration of two years after the date of appointment, and members may continue to serve until their successors are duly appointed. Members of the board may be reappointed for new terms. Vacancies on the board shall be filled by like appointment.

"SEC. 4.28D. OFFICERS OF THE BOARD.—The Chairman of the Farm Credit Administration Board annually shall designate a member of the board of directors of the Capital Corporation as Chairman of the board. The board of directors of the Capital Corporation annually shall elect from among its members a vice chairman and select a secretary, who need not be a member of the board.

"SEC. 4.28E. COMPENSATION OF BOARD MEMBERS.—Members of the board of directors of the Capital Corporation shall receive compensation, including reasonable allowances for necessary expenses, in attending meetings of the board. The compensation shall not be in excess of the level set by the Farm Credit Administration.

"SEC. 4.28F. BOARD PROCEDURES.—The board of directors of the Capital Corporation shall adopt such rules as it may deem appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

"SEC. 4.28G. CHIEF EXECUTIVE OFFICER OF THE CORPORATION.—The chief executive officer of the Capital Corporation shall be selected by the board of directors of the Capital Corporation, subject to the approval of the Farm Credit Administration, and shall serve at the pleasure of the board.

"SEC. 4.28H. GENERAL CORPORATE POWERS.—(a) The Capital Corporation shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have the power to—

"(1) operate under the directon of its board of directors;

"(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

"(3) provide for one or more vice presidents, a secretary, a treasurer, and such other officers, employees and agents, as may be necessary, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

"(4) prescribe by its board of directors its bylaws, not inconsistent with law, which shall provide for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; the manner in which its officers, employees, and agents are selected; its property is acquired, held, and transferred; its loans, commitments, and other financial assistance are made; its general business is conducted; and the privileges granted by its bylaws are exercised and enjoyed;

"(5) enter into contracts and make advance, progress, or other payments with respect to such contracts;

"(6) contract with System institutions for local administration, servicing, and restructuring of loan and loan-related assets and management of acquired properties of the Corporation;

"(7) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

"(8) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property, and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to its business;

"(9) obtain insurance against loss in connection with property and other assets;

"(10) modify or consent to modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or in which it has an interest under this Act;

"(11) in accordance with the provisions of this part, borrow money on its own individual responsibility;

"(12) join with Farm Credit System banks in the issuance of systemwide notes, bonds, debentures, and other similar obligations under section 4.2(d) of this Act, or assume liability with respect to outstanding systemwide obligations, and, if it satisfies the requirements applicable to banks under section 4.3 of this Act, it shall be jointly and severally liable with the System banks for the payment of principal and interest on such obligations, and pay on such obligations any sums as may be called on by the Farm Credit Administration to make payments of principal or interest that any bank or banks primarily liable therefor are unable to make;

"(13) require other institutions of the Farm Credit System, through purchase of stock in, or obligations of, the Capital Corporation, assessments, or other means, to make funds available to the Capital Corporation to enable it to make financial assistance available to institutions of the Farm Credit System as provided in paragraph (15). The guidelines to be used by the Capital Corporation in obtaining funds from other institutions of the Farm Credit System for the purpose of aggregating resources to assist System institutions, to the extent practicable, shall give priority to obtaining funds through the use of transactions that require the Capital Corporation, on reasonable terms, to repay the contributed funds from surpluses accumulated by the Capital Corporation, and otherwise shall be in conformity with regulations issued by the Farm Credit Administration;

"(14)(A) issue regulations that establish standards to ensure that, to the maximum extent practicable, and consistent with sound business practices, the available capital of System institutions (other than stock held by borrowers) is devoted to providing financial assistance to those institutions of the Farm Credit System eligible therefor;

"(B) provide for regulatory measures that ensure that Farm Credit System institutions comply with directives of the Capital Corporation issued under this paragraph, without imperiling the financial viability of any such institution as would likely preclude such institution from making credit available to eligible borrowers on reasonable terms or meeting its financial obligations;

"(15) make financial assistance available, in the form of purchases of stock, loans, or contributions under such terms and conditions as the Capital Corporation may establish under regulations of the Farm Credit Administration, to Farm Credit System institutions that establish, on the basis of information satisfactory to the Capital Corporation, that, in the absence of such assistance, they could no longer continue to operate on a viable basis, made credit available to eligible borrowers on reasonable terms, and meet their financial obligations;

"(16) purchase from any other System institution, at current value, on request of such institution, loans that have been placed in nonaccrual status and assets in the account for acquired properties. For purposes of this paragraph, the classification of loans and assets and their value shall be the classification and value as disclosed in the most recent examination of such institution conducted by or adopted by the Farm Credit Administration;

"(17) require System institutions to sell to the Capital Corporation loans and assets described in paragraph (16) as a condition to receiving financial assistance from the Capital Corporation;

"(18) exercise all the rights and privileges of any System institution with respect to any loan in which it has participated, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other such rights and privileges;

"(19) assume debt from System institutions or interests therein, or other liabilities, from System institutions in connection with the acquisition of loans or interests therein or other asset from such institutions;

"(20) refinance, reamortize, or compromise indebtedness, and otherwise provide debt adjustment assistance, with respect to any loan to a borrower of a System institution purchased by the Capital Corporation under paragraph (16), and, after a determination by the Capital Corporation that the borrower could not reasonably be anticipated to meet loan servicing charges under a refinanced, reamortized, or otherwise restructed loan under reasonable terms and conditions, liquidate any such loan;

"(21) establish one or more branch offices as from time to time may be authorized by the board of directors;

"(22) adopt a salary scale for officers and employees of the Capital Corporation, in accordance with the directives of the board of directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5 relating to classification and General Schedule pay rates; and

"(23) deposit its securities and its current funds with any member of the Federal Reserve System or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act and pay fees therefor and receive interest thereon as may be agreed.

The Capital Corporation shall have such other incidental powers as are necessary or expedient to carry out its powers, duties, and functions in accordance with this Act.

"(b) Officers or employees of the Capital Corporation, like other Farm Credit System employees, shall not be considered officers or employees of the Federal Government.

Funds held by the Capital Corporation shall not be construed to be Government funds or appropriated moneys.

"SEC. 4.28I. SUCCESSION OF THE CORPORATION.—On the issuance by the Farm Credit Administration of the new charter for the Capital Corporation under this part, the Capital Corporation shall succeed to, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of this title (referred to in this section as 'the predecessor corporation'), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation. The stock of the predecessor corporation shall be converted into stock of the corporation chartered under this part. The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Capital Corporation chartered under this part. To the extent that, on the extinguishing of liabilities assumed by the Capital Corporation under this section, and full performance or other final disposition of contract obligations under contracts assumed by the Capital Corporation under this section, there remain surplus funds attributable to such obligations or contracts, the Capital Corporation shall distribute such surplus funds among the System institutions that contributed funds to the predecessor corporation on the basis of the relative amount of funds so contributed by each institution.

"SEC. 4.28J. LIMITATION OF POWERS.—The powers of the Capital Corporation under this part shall be exercised only for the purposes specified in this part and shall not be exercised in a manner that would result in the Capital Corporation supplanting the Farm Credit System institutions operating under titles I through III of this Act as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.28K. INITIAL CAPITALIZATION.—The Farm Credit Administration shall provide for the initial capitalization of the Capital Corporation by requiring institutions of the System to contribute capital to the Capital Corporation in such amounts and under such terms and conditions as the Farm Credit Administration, in consultation with System institutions, may prescribe.".

CONFORMING AMENDMENT

SEC. 104. Title IV of the Farm Credit Act of 1971 is further amended by inserting, before section 4.2, the following:

"SEC. 4.1. REQUIREMENTS TO PURCHASE STOCK AND PAY ASSESSMENTS AND CONTRIBUTE CAPITAL TO

Capital Corporation.—The Federal land banks, the Federal intermediate credit banks, the banks for cooperatives, the Federal land bank associations, and the production credit associations shall purchase stock in, or obligations of, the Capital Corporation, pay assessments, make capital contributions, and take such other related actions as required by the Capital Corporation in the exercise of its powers under this Part. Any payment for retirement of stock so purchased, or repayment of obligations so purchased, by the Capital Corporation shall be distributed among all holders of such stock or obligations on the basis of the face value of the stock or obligations held by each such holder at the time of the distribution.".

TITLE II—REGULATION OF THE FARM CREDIT SYSTEM

RESTRUCTURE OF THE FARM CREDIT ADMINISTRATION

Sec. 201. Part B of title V of the Farm Credit Act of 1971 is amended by—

(1) amending sections 5.7 through 5.12 to read as follows:

"Sec. 5.7. The Farm Credit Administration.—The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be composed of the Farm Credit Administration Board and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration by this Act.

"SEC. 5.8. THE FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board (referred to in this part as 'the Board'). The Board shall consist of five members, who shall be citizens of the United States and broadly representative of the public interest. Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three members of the Board shall be members of the same political party. Of the persons thus appointed, one shall be designated by the President to serve as Chairman of the Board for the duration of the member's term. The members of the Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any institution of the Farm Credit System.

"(b) The term of office of each member of the Board shall be six years, except that the terms of the four members, other than the Chairman, first appointed under subsection (a) shall expire, two on the expiration of two years after the date of appointment, and two on the expiration of four years after the date of appointment. Members of the Board shall not be appointed to succeed themselves, except that the members first appointed under subsection (a) for a term of less than six years may be reappointed for a full six-year term and members appointed to fill unexpired terms of three years or less may be reappointed for a full six-year term. Any vacancy shall be filled for the unexpired term on like appointment. Any member of the Board shall continue to serve as such after the expiration of the member's term until a successor has been appointed and qualified.

"(c) Each member of the Board, within fifteen days after notice of appointment, shall subscribe to the oath of office. The Board may transact business if a vacancy exists, provided a quorum is present. A quorum shall consist of three members of the Board. The Board shall hold at least one meeting each month and such additional meetings at such times and places as it may fix and determine. Such meetings shall be held on the call of the Chairman or any two Board members. The Board shall adopt such rules as it deems appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

"(d) The members of the Board shall devote their full time and attention to the business of the Board. The Chairman of the Board shall receive compensation at the rate prescribed for Level III of the Executive Schedule under section 5314 of title 5 of the United States Code. Each of the other members of the Board shall receive compensation at the rate prescribed for level IV of the Executive Schedule under section 5315 of title 5 of the United States Code. Each member of the Board shall be reimbursed for necessary travel, subsistence, and other expenses in the discharge of the member's official duties without regard to other laws with respect to allowance for travel and subsistence of officers and employees of the United States. The provisions of this subsection shall be subject to the provisions of section 5.11 of this Act.

"SEC. 5.9. POWERS OF THE BOARD; CIVIL PROCEEDINGS.—The Board shall manage and administer, and establish policies for, the Farm Credit Administration. It—

"(1) shall approve the rules and regulations for the implementation of this Act not inconsistent with its provisions;

"(2) shall provide for the examination of the condition of, and general regulation of the performance of the powers, functions, and duties vested in, each institution of the Farm Credit System;

"(3) shall provide for the performance of all the powers and duties vested in the Farm Credit Administration; and

"(4) may require such reports as it deems necessary from the institutions of the Farm Credit System.

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; GOVERNING STANDARDS.—(a) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration. The Chairman shall be responsible for directing the implementation of the policies and regulations adopted by the Board and the execution of all of the administrative functions and duties of the Farm Credit Administration. The Chairman shall be the spokesman for the Board and the Farm Credit Administration and shall represent the Board and the Farm Credit Administration in their official relations within the Government. Under policies adopted by the Board, the Chairman shall consult on a regular basis with the Secretary of the Treasury in connection with the exercise by the System of the powers conferred under section 4.2 of this Act, and with the Board of Governors of the Federal Reserve System in connection with the effect of System lending activities on national monetary policy.

"(b) In carrying out responsibilities under this Act, the Chairman of the Board shall be governed by general policies adopted by the Board and by such regulatory decisions, findings, and determinations as the Board may by law be authorized to make and, as to third persons, all acts of the Chairman of the Board shall be conclusively presumed to be in compliance with such general policies and regulatory decisions, findings, and determinations.

"(c) The Chairman of the Board shall enforce the rules, regulations, and orders of the Board. Except as provided in section 518 of title 28 of the United States Code, relating to litigation before the Supreme Court, attorneys designated by the Chairman shall represent the Farm Credit Administration in any civil proceeding or civil action brought in connection with the administration of conservatorships and receiverships. Attorneys designated by the Chairman may represent the Farm Credit Administration in any other civil proceedings or civil action when so authorized by the Attorney General under provisions of title 28.

"SEC. 5.11. ORGANIZATION OF THE FARM CREDIT ADMINISTRATION.—The Chairman of the Board, in carrying out the powers and duties now or hereafter vested in the Chairman by this Act and acts supplementary thereto, may establish and fix the powers and the duties of such divisions or other units as the Chairman may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties vested in the Board and the Farm Credit Administration. The Chairman of the Board shall appoint such personnel as may be necessary to carry out the functions of the Farm Credit Administration. Officers and employees of the Farm Credit Administration shall be subject to the Ethics in Government Act of 1978 and shall be considered officers or employees of the United States for the purposes of sections 201 through 203, and sections 205 through 209, of title 18 of the United States Code. Officers and employees of the Farm Credit Administration shall be subject to section 5373 of title 5 of the United States Code. The powers of the Chairman as chief executive officer of the Farm Credit Administration may be exercised and performed by the Chairman through such other officers and employees of the Farm Credit Administration as the Chairman shall designate. The operations of the Farm Credit Administration, and the salaries of members of the Board and employees of the Administration, shall be funded and paid for from the fund created under section 5.15 of this Act.

"SEC. 5.12. ADVISORY COMMITTEES.—The Chairman of the Board may establish one or more advisory committees in accordance with the Federal Advisory Committee Act and may appoint to such committee or committees individuals who are members of the Federal Farm Credit Board when such Board is terminated by the Farm Credit Act Amendments of 1985.".

(2) striking out section 5.13;

(3) redesignating section 5.14 as section 5.13, and, in section 5.13, as so redesignated, striking out "Governor" and inserting in lieu thereof "Board";

(4) redesignating section 5.15 as section 5.14, and, in the second sentence of section 5.14, as so redesignated, striking out "section 5.16(b)" and "section 5.16(a)" and inserting in lieu thereof "section 5.15(b)" and "section 5.15(a)", respectively;

(5) redesignating section 5.16 as section 5.15;

(6) redesignating section 5.17 as section 5.16, and, in the section 5.16, as so redesignated—

(A) striking out "section 5.15" in the first sentence and inserting in lieu thereof "section 5.14";

(B) striking out "Federal Farm Credit" in clause (2) of the first sentence; and

(C) in the fourth sentence, striking out "section 5.16" and inserting in lieu thereof "section 5.15"; and

(7) redesignating section 5.18 as section 5.17 and amending subsection (a) thereof to read as follows:

"(a) The Farm Credit Administration shall have the following powers, functions, and responsibilities in connection with the institutions of the Farm Credit System and the administration of this Act:

"(1) Modify the boundaries of farm credit districts, with due regard for the farm credit needs of the country, as approved by the Board, with the concurrence of the district boards involved.

"(2) Where necessary or appropriate to carry out the policy and objectives of this Act, issue and amend or modify Federal charters of institutions of the System; approve change in names of banks operating under this Act; approve the merger of districts when agreed to by the boards of the districts involved and by a majority vote of the voting stockholders and contributors to the guaranty funds of each bank for each of such districts, voting in the same manner as is provided in section 4.10 of this Act; approve mergers of banks operating under the same title of this Act, merger of Federal land bank associations, merger of production credit associations, and the consolidation or division of the terrorities that they serve when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of the institutions involved; and approve consolidations of boards of directors or management agreements when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of the institutions involved.

"(3) Make annual reports directly to Congress on the condition of the System and its institutions, based on the examination carried out under section 5.18 of this Act, and on the manner and extent to which the purposes and objectives of this Act are being carried out and, from time to time, recommend directly legislative changes. The annual reports shall include a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal land banks and Federal intermediate credit banks under section 4.19(b) of this Act relating to programs for serving young, beginning, and small farmers and ranchers.

"(4) Approve the issuance of obligations of the System under sections 4.2(c) and (d) of this Act for the purpose of funding the authorized operations of the institutions of the System, and prescribe collateral therefor.

"(5) Grant approvals provided for under this Act either on a case-by-case basis or through regulations that confer approval on actions of Farm Credit System institutions that meet standards and criteria established by the Farm Credit Administration, including standards and criteria with respect to (A) interest rates on obligations of Farm Credit System institutions and on loans made or discounted by such institutions, and (B) the payment of dividends or patronage refunds by Farm Credit System institutions.

"(6) Establish standards for the System institutions with respect to loan security requirements and the borrowing, payment, and transfer of funds and equities between institutions of the System.

"(7) Conduct loan and collateral security review.

"(8) Make investments in stock of the institutions of the System as provided in section 4.0 of this Act out of the revolving fund, and require the retirement of such stock.

"(9) Regulate the preparation by System institutions and the dissemination to stockholders and investors of information on the financial condition and operations of such institutions.

"(10) Prescribe rules and regulations necessary or appropriate for carrying out the provisions of this Act.

"(11) Exercise the powers of the Farm Credit Administration under part C of this title for the purpose of ensuring the safety and soundness of System institutions.

"(12) Exercise such incidental powers as may be necessary or appropriate to fulfill its duties and carry out the purposes of this Act.

"(13) Sue and be sued, complain and defend in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Farm Credit Administration shall be a party shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof, without regard to the amount of the controversy; and the Farm Credit Administration may, without bond or security, remove any such action, suit, or proceeding from a State court to the United States district court for the district or division embracing the place where the same is pending by following any procedure for removal now or hereafter in effect. Service of process on the Farm Credit Administration shall be in accordance with provisions of title 28 of the United States Code and rules adopted under title 28 for suits in which an agency of the United States is a party. The Farm Credit Administration shall designate an agent at its principal office to accept service of process.".

DELEGATIONS

SEC. 202. (a) Section 5.19 of the Farm Credit Act of 1971 is repealed.

(b) Part B of title V of the Farm Credit Act of 1971 is further amended by inserting, after section 5.17, as added by section 201 of this title, the following:

"SEC. 5.18. **PRIOR DELEGATIONS.**—Any delegations by the Farm Credit Administration and redelegations thereof made in accordance with section 5.19 of the Farm Credit Act of 1971 as in effect prior to the effective date of the Farm Credit Act Amendments of 1985 may continue in full force and effect, at the discretion of the Farm Credit Administration, for the period ending twelve months after the date of enactment of such Act.".

FARM CREDIT ADMINISTRATION EXAMINATIONS; CONFORMING AMENDMENT

SEC. 203. (a) Section 5.20 of the Farm Credit Act of 1971 is redesignated as section 5.19 and amended to read as follows:

"SEC. 5.19. EXAMINATIONS.—(a) Each institution of the System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Board may determine, but in no event less than once each year. Such examinations shall include, but are not limited to, an analysis of credit and collateral quality and capitalization of the institution, and appraisals of the effectiveness of the institution's management and application of policies governing the carrying out of this Act and regulations of the Farm Credit Administration and servicing all eligible borrowers. At the direction of the Chairman of the Board, Farm Credit Administration examiners also shall make examinations of the condition of any organization, other than national banks, to, for, or with which any institution of the System contemplates making a loan or discounting paper. For the purposes of this Act, examiners of the Farm Credit Administration shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act, the Federal Reserve Act, the Federal Deposit Insurance Act, and other provisions of law and shall have the same powers and privileges as are vested in such examiners by law.

"(b) Each institution of the System shall make and publish an annual report of condition as prescribed by the Farm Credit Administration. Each such report shall contain financial statements prepared in accordance with generally accepted accounting principles or with such additional standards or requirements as the Farm Credit Administration by regulation may prescribe if it determines that such standards or requirements are necessary to more accurately and adequately reflect the financial condition of such institution. Such financial statement of System institutions shall be audited by an independent public accountant.

"(c) The Farm Credit Administration may order to be published the report of examination of any System institution.

"(d) For purposes of this section, institutions of the System shall include the Capital Corporation.".

(b) Sections 5.21, 5.22, 5.23, 5.24, and 5.25 of the Farm Credit Act of 1971 are redesignated as sections 5.19, 5.20, 5.21, 5.22, 5.23, and 5.24, respectively.

ENFORCEMENT POWERS

SEC. 204. Title V of the Farm Credit Act of 1971 is amended by inserting, after section 5.24, as so redesignated by section 203(b), the following:

"PART C—ENFORCEMENT POWERS OF THE FARM CREDIT ADMINISTRATION

"SEC. 5.25. CEASE-AND-DESIST PROCEEDINGS.—(a)(1) The Farm Credit Administration may issue and serve a notice of charges on an institution of the Farm Credit System, or any director, officer, employee, or agent thereof, or other person participating in the conduct of the affairs of the institution, if the Farm Credit Administration has reasonable cause to believe that the institution or the person (A) is engaging in, has engaged in, or is about to engage in, an unsafe or unsound practice in conducting the business of the institution; or (B) is violating, has violated, or is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Farm Credit Administration in connection with the Farm Credit Administration's regulation of the institution or any written agreement entered into with the Farm Credit Administration.

"(2) A notice issued and served under paragraph (1) shall contain a statement of the facts constituting the basis for the charges made therein against the institution or person. The notice shall fix a time and place for a hearing on the charges to determine whether an order to cease and desist from the violation or unsafe or unsound practice should be issued against the institution or person. The hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Farm Credit Administration at the request of any party so served.

"(b) If an institution or person served by a notice under subsection (a) fails to appear at the hearing personally or by a duly authorized representative, such institution or person shall be deemed to have consented to the issuance of the cease-and-desist order. If consent is so deemed, or if the Farm Credit Administration finds on the record made at the hearing that any violation or unsafe or unsound practice specified in the notice of charges has been established, the Farm Credit Administration may issue and serve on the institution or person an order to cease and desist from the violation or practice. The order, by provisions that may be mandatory or otherwise, may require the institution or person to cease and desist from the same and take affirmative action to correct the conditions resulting from any such violation or practice.

"(c) An order issued under subsection (b) shall become effective at the end of thirty days after service on the institution or person to whom it is directed (except in the case of an order issued on consent, the order shall become effective at the time specified therein), and shall remain effective and enforceable as provided therein, except to the extent that it is stayed, modified, terminated, or set aside by action of the Farm Credit Administration or a reviewing court.

"SEC. 5.26. TEMPORARY CEASE-AND-DESIST ORDERS.—(a) Whenever the Farm Credit Administration determines that any violation or threatened violation, or unsafe or unsound practice, specified in the notice of charges issued and served on an institution of the Farm Credit System or any director, officer, employee, or agent thereof, or other person participating in the conduct of the affairs of the institution, under section 5.25 of this Act, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the financial condition of the institution or otherwise seriously prejudice the interest of the stockholders of the institution prior to completion of the proceedings conducted under section 5.25, the Farm Credit Administration may issue a temporary order requiring the institution or person to cease and desist from any such violation or practice and to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings. Such order shall become effective on service on the institution or person and, unless set aside, limited, or suspended by a court in proceedings authorized by subsection (b), shall remain effective and enforceable pending the completion of the administrative proceedings under the notice and until such time as the Farm Credit Administration dismisses the charges specified in the notice, or if a cease-and-desist order is issued against the institution or person, until the effective date of such order.

"(b) Within ten days after an institution or person has been served with a temporary cease-and-desist order under subsection (a), the institution or person may apply to the United States district court for the district in which the principal office of the institution is located, or the United States District Court of the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings under the notice of charges served on the institution or person under section 5.25, and such court shall have jurisdiction to issue such injunction.

"SEC. 5.27. ENFORCEMENT OF TEMPORARY CEASE-AND-DESIST ORDERS.—In the case of violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued under section 5.26, the Farm Credit Administration may apply to the United States district court for the district in which the principal office of the institution is located, for an injunction to enforce such order, and if the court determines that there has been such violation or threatened violation or failure to obey, it shall be the duty of the court to issue such injunction.

"SEC. 5.28. REMOVAL OR SUSPENSION OF DIRECTOR OR OFFICER.—(a) The Farm Credit Administration may serve on any director or officer of an institution of the Farm Credit System a written notice of its intention to remove such director or officer from office if the Farm Credit Administration has reasonable cause to believe that—

"(1) the director or officer has committed (A) any violation of law, rule, or regulation, or a cease-and-desist order that has become final; (B) has engaged or participated in any unsafe or unsound practice in connection with the management of the institution; or (C) has committed or engaged in any act, omission, or practice that constitutes a breach of such person's fiduciary duty as a director or officer; and

"(2)(A)(i) the institution has suffered or will probably suffer material financial loss or other damage, or the interests of its stockholders could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty; or (ii) the director or officer has received financial gain by reason of such violation or practice or breach of fiduciary duty; and (B) such violation or practice or breach of fiduciary duty is one that involves personal dishonesty on the part of the director or officer, or one that demonstrates a willful, grossly negligent, or continuing disregard for the safety or soundness of the institution.

"(b) The Farm Credit Administration may serve on any director or officer of an institution of the Farm Credit System a written notice of its intention to remove such director or officer from office if the Farm Credit Administration has reasonable cause to believe that the director or officer, by conduct or practice with respect to any institution of the System or other business entity that resulted in substantial financial loss or other damage, has evidenced either personal dishonesty or a willful, grossly negligent, or continuing disregard for the safety and soundness of the institution or entity, and has evidenced unfitness to continue as a director or officer.

"(c) The Farm Credit Administration may serve on any person participating in the conduct of the affairs of an institution of the Farm Credit System written notice of its intention to prohibit such person from further participation in the conduct of the affairs of the institution whenever the Farm Credit Administration has reasonable cause to believe that such person, by conduct or practice with respect to any institution of the Farm Credit System or other business entity that resulted in substantial financial loss or other damage, has evidenced either personal dishonesty or a willful, grossly negligent, or continuing disregard for the safety and soundness of the institution or entity, and has evidenced unfitness to participate in the conduct of the affairs of such institution.

"(d) If the Farm Credit Administration deems it necessary for the protection of the institution or the interests of the stockholders of the institution prior to completion of proceedings under subsection (a), (b), or (c), the Farm Credit Administration, by written notice served on a director, officer, or other person subject to such proceedings, may suspend such person from office or temporarily prohibit such person from further participation in the conduct of the affairs of the institution, as the case may be. Such suspension or temporary prohibition shall become effective on service of such notice, and unless stayed by a court in proceedings authorized by subsection (g), shall remain in effect pending the completion of the administrative proceedings under the notice served under subsection (a), (b), or (c) and until such time as the Farm Credit Administration dismisses the charges specifed in such notice, or if an order of removal or prohibition is issued against the person, until the effective date of such order. A copy of any notice issued under this subsection shall be served on the institution concerned.

"(e) Any notice served on a person under subsection (a), (b), or (c) shall contain a statement of the facts constituting the grounds therefor and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days or later than sixty days after the day of service of such notice, unless an earlier or a later date is set by the Farm Credit Administration at the request of the person on whom the notice was served. If a person on whom the notice was served fails to appear at the hearing in person or by a duly authorized representative, such person shall be deemed to have consented to the issuance of an order of removal or prohibition. If consent is so deemed, or if the Farm Credit Administration finds on the record made at the hearing that any of the grounds specified in such notice have been established, the Farm Credit Administration may issue such orders of removal or suspension from office, or prohibition from participation in the conduct of the affairs of the institution, as it may deem appropriate. A copy of any order issued under this subsection shall be served upon the institution concerned.

"(f) An order issued under subsection (e) shall become effective at the end of thirty days after service on the person to whom it is directed (excerpt in the case of an order issued on consent, such order shall become effective at the time specified therein). The order shall remain effective and enforceable except to the extent that it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

"(g) Within ten days after a director, officer, or other person participating in the conduct of the affairs of an institution of the Farm Credit System has been served a notice under subsection (d), such person may apply to the United States district court for the district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of any suspension or temporary prohibition under the order pending the completion of the administrative proceedings under the notice served under subsection (a), (b), or (c), and such court shall have jurisdiction to stay any such suspension or prohibition.

"SEC. 5.29. SUSPENSION OR REMOVAL OF A DIRECTOR OR OFFICER CHARGED WITH A FELONY.—(a) Whenever any director or officer of an institution of the Farm Credit System, or other person participating in the conduct of the affairs of such institution, is charged in any information, indictment, or complaint, authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding one year under State or Federal law, the Farm Credit Administration, by written notice served upon the person, may suspend the person from office or temporarily prohibited the person from further participation in the conduct of the affairs of the institution if continued service or participation by the person poses a threat to the interests of the institution's stockholders or may threaten to impair public confidence in the institution. A copy of such notice shall also be served on the institution concerned. Such suspension or temporary prohibition shall be effective on service and shall remain effective and enforceable until the final disposition of such information, indictment, or complaint except to the extent that it is stayed, modified, or terminated by the Farm Credit Administration. If a judgment of conviction with respect to such crime is entered against the person, and at such time as such judgment is not subject to further appellate review, the Farm Credit Administration may issue and serve on the person an order removing the person from office, or prohibiting the person from further participation in the conduct of the affairs of the institution except with the consent of the Farm Credit Administration, if continued service or participation by the person may pose a threat to the interests of the institution's stockholders or may threaten to impair public confidence in the institution. Such order shall be effective on service and shall remain effective and enforceable except to the extent that it is stayed, modified, or terminated by the Farm Credit Administration. A copy of such order shall also be served upon the institution concerned. A finding of not guilty or other disposition of the charge shall not preclude the Farm Credit Administration from thereafter instituting proceedings to remove the director or officer from office or to prohibit the person from further participation in the conduct of the affairs of the institution under section 5.28 of this Act.

"(b) Within thirty days after service of any notice of suspension or temporary prohibition or any order of removal or prohibition issued under subsection (a), the person concerned may request in writing an opportunity to appear before the Farm Credit Administration to show that continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the stockholders of the institution or threaten to impair public confidence in the institution. On receipt of any such request, the Farm Credit Administration shall fix a time (not more than thirty days after receipt of such request, unless extended at the request of the concerned person) and place at which the person may appear, personally or through counsel, before one or more designated employees of the Farm Credit Administration to submit written materials (or, at the discretion of the Farm Credit Administration, oral testimony) and oral argument. Within sixty days after such hearing, the Farm Credit Administration shall notify the person whether the suspension or temporary prohibition will be continued, terminated, or otherwise modified, or whether the order of removal or prohibition will be rescinded or otherwise modified. Such notification shall contain a statement of the basis for the Farm Credit Administration's decision, if adverse to the director, officer, or other person.

"SEC. 5.30. HEARINGS AND JUDICIAL REVIEW.—(a) Any hearing provided for in this part (except section 5.29) shall be held in the Federal judicial district in which the principal office of the System institution is located unless the person afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. Such hearing shall be private unless the Farm Credit Administration, in its discretion, after fully considering the views of the person afforded the hearing, determines that a public hearing is necessary to protect the public interest. After such hearing, and within ninety days after the person has been notified that the case has been submitted by an administrative law judge to the Farm Credit Administration Board for final decision, the Farm Credit Administration Board shall (1) render a decision that includes the findings of fact on which it is based, and (2) issue and serve on each party to the proceeding an order or orders consistent with the provisions of this part. Judicial review of any such order shall be exclusive as provided in subsection (b). Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (b), and thereafter until the record in the proceeding has been filed as so provided, the Farm Credit Administration at any time, on such notice and in such manner as it shall deem proper, may modify, terminate, or set aside any such order. On such filing of the record, the Farm Credit Administration may modify, terminate, or set aside any such order with permission of the court.

"(b) Any party to the proceedings under subsection (a), or any person required by an order issued under section 5.25(b) of this Act to cease and desist from any of the violations or practices stated therein, may obtain a review of any order served under subsection (a) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the Farm Credit Administration be modified, terminated, or set aside. A copy of such petition shall be transmitted forthwith by the clerk of the court to the Farm Credit Administration, and thereon the Farm Credit Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28 of the United States Code. On the filing of such petition, such court shall have exclusive jurisdiction to affirm, modify, terminate, or set aside, in whole or in part, the order of the

Farm Credit Administration. Review of such proceedings shall be had as provided in chapter 7 of title 5 of the United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court of the United States on certiorari, as provided in section 1254 of title 28 of the United States Code.

"(c) The commencement of proceedings for judicial review under subsection (b), unless specifically ordered by the court, shall not operate as a stay of any order issued by the Farm Credit Administration.

"SEC. 5.31. JURISDICTION AND ENFORCEMENT.—The Farm Credit Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for the enforcement of any effective and outstanding notice or order issued under this part, and such courts shall have jurisdiction and power to order and require compliance herewith. However, except as otherwise provided in this part, no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part, or to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.32. PENALTY.—(a) Any System institution or any officer, director, employee, or agent thereof, or any person participating in the conduct of the affairs of such institution who violates any of the provisions of this Act or the terms of any order issued under section 5.25 or 5.26 of this Act that has become final, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues. The Farm Credit Administration, in its discretion, may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section. The penalty may be assessed and collected by the Farm Credit Administration by written notice.

"(b) In determining the amount of the penalty, the Farm Credit Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of any previous violations, and such other matters as justice may require.

"(c) The System institution or person assessed shall be afforded an opportunity for a hearing by the Farm Credit Administration on request made within ten days after issuance of the notice of assessment. In such hearing all issues shall be determined on the record under section 554 of title 5 of the United States Code. The agency determination shall be made by final order, which may be reviewed only as provided in subsection (d). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

"(d) Any System institution or person against whom an order imposing a civil money penalty has been entered after a hearing under this section may obtain review by the United States court of appeals for the circuit in which the principal office of the System institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within twenty days after the service of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Farm Credit Administration. The Farm Credit Administration shall promptly certify and file in such court the record on which the penalty was imposed, as provided in section 2112 of title 28 of the United States Code. The findings of the Farm Credit Administration shall be set aside if found to be unsupported by substantial evidence, as provided by section 706(2)(E) of title 5 of the United States Code.

"(e) If any System institution or person fails to pay an assessment after it has become a final and unappealable order or after the court of appeals has entered final judgment in favor of the Farm Credit Administration, the Farm Credit Administration shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) All penalties collected under authority of this section shall be covered into the Treasury of the United States.

"SEC. 5.33. REPLACEMENT OR SUSPENDED OR REMOVED DIRECTORS.—If, at any time, because of the suspension or removal of one or more directors under section 5.28 or 5.29 of this Act, there shall be on the board of directors of a System institution less than a quorum of directors not so suspended or removed, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum of the Board pending any appeal of such removal until such time as those who have been removed are reinstated or their respective successors are duly elected and take office.

"SEC. 5.34. DEFINITIONS.—As used in this part—

"(a) the phrases 'cease-and-desist order that has become final' and 'order that has become final' mean a cease-and-desist order, or an order, issued by the Farm Credit Administration with the consent of the System institution or the director or officer or other person concerned, or with respect to which no petition for review of the action of the Farm Credit Administration has been filed and perfected in a court of appeals as specified in section 5.30(b) of this Act, or with respect to which the action of the court in which the petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for in section 5.30(b), or an order issued under section 5.29(a) or (b) of this Act;

"(b) the term 'violate' means to act (alone or with one or more persons) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

"(c) the term 'violation' includes without limitation any action (alone or with one or more persons) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

"(d) the term 'System institution' includes the institutions enumerated in section 1.2 of this Act, service organizations chartered under part D of title IV of this Act, and the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act; and

"(e) the term 'unsafe or unsound practice' shall be defined by the Farm Credit Administration by rule, regulation, or order.

"SEC. 5.35. NOTICE OF SERVICE.—Any service required or authorized to be made by the Farm Credit Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Farm Credit Administration may, by regulation or otherwise, provide. Copies of any notice or order served by the Farm Credit Administration on any association or any director of officer thereof or other person participating in the conduct of its affairs, under the provisions of this part, shall also be sent to the supervisory bank.

"SEC. 5.36. ANCILLARY PROVISIONS; SUBPOENA POWER.—In the course of, or in connection with, any proceeding under this part, the Farm Credit Administration, or any designated representative thereof, including any person designated to conduct any hearing under this part, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum. The Farm Credit Administration shall make rules and regulations with respect to any such proceedings, claims, examinations, or investigations. The attendance of witnesses and the production of documents provided for in this section may be required from any place in any State or territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted. The Farm Credit Administration or any party to proceedings under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the district in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued under this section and such courts shall have jurisdiction and power to order and require compliance therewith. Witnesses subpoenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States. Any court having jurisdiction of any proceeding instituted under this part by any System institution or other person, may allow to any such institution or person such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the institution or from its assets. Any person who willfully fails or refuses to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records if in such person's power so to do, in obedience to the subpoena of the Farm Credit Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000, or to imprisonment for a term of not more than one year, or both.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 205. (a)(1) Title V of the Farm Credit Act of 1971 is further amended by inserting after section 5.36, as added by section 204, the following heading:

"PART D—MISCELLANEOUS".

(2) Sections 5.26, 5.27, 5.28, 5.29, and 5.30 of the Farm Credit Act of 1971 are redesignated as sections 5.40, 5.41, 5.42, 5.43, and 5.44, respectively.

(b) Section 2.15 of the Farm Credit Act of 1971 is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) striking out "regulations" and inserting in lieu thereof "standards"; and

(B) striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to the provisions of"; and

(3) in the last sentence of subsection (b)—

(A) striking out "regulations" and inserting in lieu thereof "standards"; and

(B) striking out "or of Farm Credit Administration".

(c) Title I of the Farm Credit Act of 1971 is amended by—

(1) in section 1.4—

(A) striking out "the supervision of" in the matter preceding paragraph (1) and inserting in lieu thereof "regulation by";

(B) in paragraph (17), striking out "vested in or delegated to the bank";

(C) striking out paragraph (19); and

(D) redesignating paragraphs (20), (21), (22), and (23) as paragraphs (19), (20, (21), and (22), respectively;

(2) in section 1.5(d), striking out "to the Governor of";

(3) in section 1.5(e), striking out "the Governor of" in the first sentence;

(4) in section 1.13—

(A) striking out "GOVERNOR" in the section heading and inserting in lieu thereof "FARM CREDIT ADMINISTRATION";

(B) striking out "the Governor of" in the seventh sentence;

(C) striking out "Governor" each place that word appears in the eighth, ninth, and tenth sentences and inserting in lieu thereof "Farm Credit Administration"; and

(D) striking out "him" and "he" in the tenth sentence and inserting in lieu thereof, in both instances, "Farm Credit Administration";

(5) in section 1.15—

(A) inserting "the regulation" before "of the Farm Credit Administration" in the matter preceding paragraph (1); and

(B) striking out "or delegated to" in paragraph (12);

(6) in section 1.17(b)—

(A) striking out paragraph (2); and

(B) redesignating paragraph (2) as paragraph (3); and

(7) in section 1.20, striking out "the Governor of".

(d) Title II of the Farm Credit Act of 1971 is amended by—

(1) in section 2.1—

(A) striking out "the supervision of" in the matter preceding paragraph (1) and inserting in lieu thereof "regulation";

(B) striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(C) striking paragraph (21);

(2) in the first sentence of section 2.2(d), striking out "the Governor of";

(3) in section 2.2(f)—

(A) striking out "the Governor of" and "other than the tax imposed by section 4.0(c)" in the first sentence; and

(B) striking out "the Governor of" in the second sentence;

(4) in section 2.2(g), striking out "the Governor of" in the ninth sentence;

(5) in section 2.2(h), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration";

(6) in the first sentence of section 2.3(c)—

(A) striking out "(a)(1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(B) striking out "(in the case of financing institutions under subsection (a)(2) of this section)";

(7) in the first sentence of section 2.6(a)—

(A) striking out "the Governor of";

(B) striking out paragraph (4); and

(C) redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively;

(8) in the first sentence of section 2.6(b), striking out "the Governor of";

(9) in section 2.6(c)—

(A) striking out "the Governor of" in the first sentence; and

(B) striking out the third sentence;

(10) in the first sentence of section 2.7, striking out "the Governor of";

(11) in section 2.10—

(A) striking out "the Governor of" in the sixth sentence;

(B) striking out "Governor" in the seventh sentence and inserting in lieu thereof "Farm Credit Administration";

(C) striking out "Governor" in the eighth sentence and inserting in lieu thereof "Farm Credit Administration"; and

(D) in the ninth sentence—

(i) striking out "Governor" and inserting in lieu thereof "Farm Credit Administration"; and

(ii) striking out "him" and "he" and inserting in lieu thereof in both places "Farm Credit Administration";

(12) in section 2.12—

(A) in the matter preceding paragraph (1), inserting "regulation by" before "the Farm Credit Administration"; and

(B) striking out "or the Farm Credit Administration" in paragraph (19);

(13) in section 2.13(c), striking out "the Governor of";

(14) in section 2.13(d), striking out "Governor" both places that word appears and inserting in lieu thereof "Farm Credit Administration";

(15) in section 2.13(j), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration"; and

(16) in section 2.14(b), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration".

(e) Title III of the Farm Credit Act of 1971 is amended by—

(1) in section 3.1—

(A) in the matter preceding paragraph (1), striking out "supervision" and inserting in lieu thereof "regulation";

(B) in paragraph (13)(A), inserting "under regulations issued" after "authorized";

(C) striking out paragraph (16); and

(D) redesignating paragraphs (17), (18), and (19) as paragraphs (16), (17), and (18), respectively;

(2) in section 3.2(a), striking out "Governor with the advice and consent of the Federal Farm Credit Board"; and inserting in lieu thereof "Farm Credit Administration";

(3) in section 3.3(d), inserting "under regulations issued by" after "authorized";

(4) in section 3.3(e), striking out "Governor" and inserting in lieu thereof "Farm Credit Administration";

(5) in section 3.4, striking out "the Governor of";

(6) in section 3.5—

(A) striking out "the Governor" and "to the extent required by section 4.0(b) of this Act" in the first sentence; and

(B) in the third sentence, striking out "When the requirements of section 4.0(b) have been met, voting" and inserting in lieu thereof "Voting";

(7) in the first sentence of section 3.11(a)—

(A) striking out "the Governor of";

(B) striking out paragraph (3); and

(C) redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively;

(8) in section 3.11(b)—

(A) striking out "the Governor of" in the first sentence; and

(B) striking out the third sentence;

(9) in section 3.12, striking out "the Governor of" both places that phrase appears in the first sentence; and

(10) in section 3.13, striking out "the Governor of" in the second sentence.

(f) Title IV of the Farm Credit Act of 1971 is further amended by—

(1) in section 4.2—

(A) in the matter preceding subsection (a), striking out "supervision of" and inserting in lieu thereof "regulation by";

(B) in subsection (b)—

(i) striking out "4.3(b)" and inserting in lieu thereof "4.3(c)"; and

(ii) striking out "the Governor" and inserting in lieu thereof "the Farm Credit Administration";

(C) in subsection (c), striking out "the Governor" and inserting in lieu thereof "the Farm Credit Administration"; and

(D) in subsection (d)—

(i) striking out "the Governor" in the first sentence and inserting in lieu thereof "the Farm Credit Administration"; and

(ii) in the second sentence, striking out "the Governor" both places that phrase appears and inserting in lieu thereof "the Farm Credit Administration";

(2) in section 4.4(b)—

(A) striking out "the Governor to execute" in the first sentence and inserting in lieu thereof "the execution of"; and

(B) striking out "by the Governor" in the second sentence;

(3) in section 4.5, striking out "the Governor" in the fourth sentence and inserting in lieu thereof "the Farm Credit Administration";

(4) in section 4.11, striking out "the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the Farm Credit Administration";

(5) in section 4.12(a), striking out "Federal Farm Credit Board" in the third sentence and inserting in lieu thereof "Farm Credit Administration";

(6) in the first sentence of section 4.17, inserting ", as provided in section 5.17(a)(5) of this Act," after "with the approval of";

(7) in section 4.18, inserting "under regulations issued by" before "the Farm Credit Administration";

(8) in section 4.25—

(A) striking out "the Governor of" in the second sentence;

(B) striking out "Governor" in the third sentence and inserting in lieu thereof "Farm Credit Administration"; and

(C) striking out "Governor" in the fourth sentence and inserting in lieu thereof "Farm Credit Administration";

(9) in section 4.26—

(A) striking out "GOVERNOR" in the section heading and inserting in lieu thereof "FARM CREDIT ADMINISTRATION";

(B) striking out "Governor" wherever that word appears in the text and inserting in lieu thereof "Farm Credit Administration";

(C) striking out "he" in the first sentence and inserting in lieu thereof "Farm Credit Administration"; and

(10) in section 4.27, striking out "supervision" and inserting in lieu thereof "regulation".

(g) Title V of the Farm Credit Act of 1971 is further amended by—

(1) in section 5.0—

(A) striking out "Federal Farm Credit Board" in the first and second sentences and inserting in lieu thereof "Farm Credit Administration"; and

(B) striking out "5.18(2)" in the third sentence and inserting in lieu thereof "5.17(2)";

(2) in section 5.1(a), striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board";

(3) in section 5.2(a), striking out "Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board";

(4) in section 5.2(d), striking out "sections 5.1 and 5.2" and inserting in lieu thereof "section 5.1 and this section";

(5) in section 5.6(a), striking out "supervision of" in paragraph (5) and inserting in lieu thereof "regulation by"; and

(6) in section 5.15(b), as so redesignated by section 201(5)—

(A) striking out "said Administration" both places that phrase appears in the first sentence and inserting in lieu thereof "the Farm Credit Administration"; and

(B) striking out "the Administration" and "such Administration" in the second sentence and inserting in lieu thereof "the Farm Credit Administration".

TITLE III—PROTECTION FOR FARMERS AND OTHER FARM CREDIT SYSTEM BORROWERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 301. (a) Section 4.13 of the Farm Credit Act of 1971 is redesignated as section 4.13B.

(b) The Farm Credit Act of 1971 is amended by inserting before section 4.13B, as so redesignated by subsection (a), the following:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring System lending institutions to provide to their borrowers, for all loans that are not subject to the Federal Truth in Lending Act, meaningful and timely disclosure of the following:

"(1) the current rate of interest on the loan;

"(2) in the case of an adjustable or variable rate of loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are not such limitations, a statement to that effect, and the factors (including, but not limited to, the cost of funds, operating expenses, provision for loan losses, and the likelihood of financial assistance to or from other institutions in the System) that will be taken into account by the leading institutions in determining adjustments to the interest rate;

"(3) the effect, as shown by a representative example or examples, of the required purchase of stock or participation certificates in the institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the borrower's loan.

"(b) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by System lending institutions in developing a policy governing forbearance. Each System lending institution shall provide borrowers with a copy of the institution's policy regarding forbearance at such time or times as the Farm Credit Administration shall prescribe in such regulations.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—The Farm Credit Administration shall promulgate regulations requiring banks and associations of the Farm Credit System to provide their borrowers, at the time of execution of loans, copies of all documents signed by the borrower and at any time thereafter, on a borrower's request, copies of all documents signed or delivered by the borrower. The regulations also shall require such banks and associations to provide their stockholders, on request, a copy of the institution's articles of incorporation or charter and bylaws.".

NOTICE ON APPLICATIONS

SEC. 302. Section 4.13B of the Farm Credit Act of 1971, as so redesignated by section 301(a), is amended by (1) inserting "written" before "notice" and (2) inserting, before the period at the end thereof, the following: ", and of the applicant's right to review under section 4.14".

RECONSIDERATION

SEC. 303. Section 4.14 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON LOAN APPLICATION.—The Farm Credit Administration shall promulgate regulations requiring the board of directors of each Farm Credit System lending institution to establish a credit review committee. Any loan applicant who has received written notice, under section 4.13, of a decision to deny or reduce the loan applied for, if the applicant so requests in writing within thirty days after receiving such notice, may obtain a review of such decision in person before the credit review committee. Promptly after any such review, the applicant shall be notified in writing of the credit review committee's decision and the reasons thereof.".

NOTICE WITH RESPECT TO STOCKHOLDERS ON LOAN DEFAULT

SEC. 304. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: "and on written notice to the stockholder".

(b) Section 2.13(k) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: ", on written notice to the borrower and approval by the bank of such retirement".

MINIMIZING THE ADVERSE EFFECT ON BORROWERS OF SYSTEM INSTITUTION INSOLVENCY

SEC. 305. (a) Section 4.12(a) of the Farm Credit Act of 1971 is amended by inserting, immediately after the first sentence, the following: "In the case of a liquidation of an association, such regulations, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.".

(b) Section 4.12(b) of the Farm Credit Act of 1971 is amended by inserting after subsection (b), as added by section 202, the following: "(c) In the case of an insolvency of an association, regulations of the Farm Credit Administration regarding insolvency, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the insolvency on those borrowers whose loans are purchased by or otherwise transferred to another System institution.".

TITLE IV—IMPLEMENTATION PROCEDURES

EFFECTIVE DATE

SEC. 401. The provisions of titles I through III of this Act shall become effective thirty days after enactment.

INTERIM IMPLEMENTATION

SEC. 402. (a) Until the Chairman of the Farm Credit Administration Board provided for under section 201(1) of this Act is appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the chairman prescribed for the Chairman by this Act.

(b) Until at least three members of the Farm Credit Administration Board provided under section 201(1) of this Act are appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the Farm Credit Administration Board prescribed for such Board by this Act: *Provided,* That when the Chairman of such Board is so appointed and confirmed, the Chairman shall assume any responsibilities and powers of the Board being exercised by the Governor under this subsection.

SENSE OF CONGRESS

SEC. 403. It is the sense of Congress that the pressing needs of the Farm Credit System and the United States agricultural industry require the implementation of this Act as soon as practicable, and that the President should ensure that the members of the Farm Credit Administration Board constituted under section 201(1) are appointed not later than thirty days after enactment of this Act.

TITLE V—REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1987 THROUGH 1990 CROPS OF WHEAT AND FEED GRAINS

SEC. 501. Effective only for the 1987 through 1990 crops, the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended by adding at the end thereof a new title V as follows:

"TITLE V—REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1987 THROUGH 1990 CROPS OF WHEAT AND FEED GRAINS

"FINDINGS AND POLICY

"SEC. 501. (a) Congress finds that—

"(1) wheat and feed grains are essential agricultural commodities for the Nation, are produced throughout the United States by hundreds of thousands of farmers, and along with their products flow in substantial amounts through instrumentalities of interstate and foreign commerce from producers to consumers;

"(2) abnormally excessive and abnormally deficient supplies of wheat and feed grains on the countrywide market acutely and directly affect, burden, and obstruct interstate and foreign commerce; and

"(3) interstate and foreign commerce in wheat and feed grains, and their products, should be protected from burdensome surpluses and disruptive shortages, a supply of the commodities should be maintained to meet domestic consumption needs and export demand, and soil and water resources of the Nation should not be squandered in the production of surplus burdensome supplies of the commodities.

"(b) It hereby is declared to be the policy of Congress that it is in the interest of the general welfare to assist in the marketing of wheat and feed grains for domestic consumption and export; to regulate interstate and foreign commerce in the commodities to the extent necessary to provide an orderly, adequate, and balanced flow of the commodities in interstate and foreign commerce; and to provide loans and other means to maintain farm income for producers of the commodities, reduce excess production, and enable consumers to obtain an adequate and steady supply of such commodities at fair prices.

"CONSUMER SAFEGUARDS

"SEC. 502. The powers conferred under this title shall not be used to discourage the production of supplies of food and animal feed sufficient to meet normal domestic and export needs, as determined by the Secretary. In carrying out the purposes of this title, the Secretary shall give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair both to producers and consumers.

"WHEAT AND FEED GRAIN REFERENDA

"SEC. 503. (a) The Secretary shall conduct a referendum by secret ballot of wheat and feed grain producers every two years to determine whether they favor or oppose the national marketing certificate program under this title. In the case of the 1987 and 1988 crops, the referendum shall be conducted as soon as practicable after enactment of the Food Security Act of 1985, but not later than July 1, 1986. For the 1989 and 1990 crops, the referendum shall be conducted not later than July 1, 1988.

"(b) Any producer on a farm with a wheat or feed grain crop acreage base of fifteen or more acres for the then current crop, as determined by the Secretary, shall be eligible to vote in a referendum. For the purposes of this section, the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper. A landlord whose return from the crop is fixed regardless of the amount of the crop produced shall not be considered a producer.

"(c) The Secretary shall proclaim the results of any referendum held hereunder within fifteen days after the date of such referendum, and if the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in the referendum are in favor of the implementation of a national marketing certificate program, the Secretary shall proclaim that a national marketing certificate program will be in effect for—

"(1) with respect to the referendum held not later than July 1, 1986, the 1987 and 1988 crops of wheat and feed grains; and

"(2) with respect to the referendum held not later than July 1, 1988, the 1989 and the 1990 crops of wheat and feed grains.

"(d) If marketing certificates are not approved by producers in a referendum conducted under this section with respect to any crop of wheat or feed grains, in lieu of a national marketing certificate program for that crop, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as provided for elsewhere in this Act.

"NATIONAL MARKETING CERTIFICATE PROGRAM—WHEAT

"SEC. 504. (a) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of wheat is approved under section 503, the Secretary shall make available to producers on each farm loans and purchases for such crop of wheat for an amount of wheat produced on the farm equal to the individual farm program acreage for the crop, as determined under subsection (c) or (e) of section 107D (as limited under subsection (b)), times the farm's program yield for the crop of wheat, as determined by the Secretary. Loans and purchases shall be made available during the marketing year for any such crop of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat, except that the level of wheat loans and purchases for the 1987 through 1990 marketing years may not be established at less than $5.03 or 70 per centum of parity, whichever is greater, per bushel of wheat.

"(b) Notwithstanding the provisions of section 107D, if a national marketing certificate program for a crop of wheat is approved under section 503, the individual farm program acreages for such crop may not be established at less than 65 per centum of each farm's wheat crop acreage base for the crop.

"(c)(1)(A) The Secretary shall make available to producers on each farm marketing certificates for any of the 1987 through 1990 crops of wheat for which a national marketing certificate program is in effect. The amount of such marketing certificates made available to the producers on a farm for a crop shall equal an amount of wheat determined by multiplying the individual farm program acreage for the crop, as determined under subsection (c) or (e) of section 107D (as limited under subsection (b)), by the farm's program yield for the crop of wheat, as determined by the Secretary.

"(B) The Secretary may make available to importers marketing certificates for wheat or wheat products imported during the marketing year for any of the 1987 through 1990 crops of wheat for which a national marketing certificate program is in effect. The quantities of such imported wheat or wheat products shall not exceed the amount that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act of 1933, reenacted by the Agricultural Marketing Agreement Act of 1937.

"(2)(A) A marketing certificate applicable to a crop of wheat issued to a producer shall authorize such producer to market, barter, or donate, without restriction, an amount of wheat equal to the amount of such marketing certificate. Wheat may not be marketed, bartered, or donated by a producer without a marketing certificate, except that wheat not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer.

"(B) A marketing certificate applicable to a quantity of wheat or wheat products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, an amount of wheat or wheat products equal to the amount of such marketing certificate. Wheat or wheat products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) If for any crop, wheat that the producer harvests exceeds the amount of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be used for feed, human consumption, or other purposes on the farm of the producer. In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding marketing year to the extent that (A) the total amount of such wheat available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificates made available to the producers on the farm for that crop, and (B) the total amount of wheat available for marketing under a certificate in the succeeding marketing year (that is, the sum of the amount of such wheat carried over and the amount of wheat produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(4) Marketing certificates made available to a producer or an importer of wheat or wheat products shall not be transferable, except to the extent that such certificates accompany wheat or wheat products that are marketed, bartered, or donated under paragraph (2), and any such transfer that does not accompany wheat or wheat products shall render such certificates null and void.

"(5) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(6) No person may purchase or otherwise acquire an amount of wheat in excess of the amount of wheat that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available.

"(7) If marketing certificates for wheat are not made available to producers for any crop, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of the marketing year for such crop of wheat.

"(8) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 107D shall apply to producers of wheat for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO WHEAT

"SEC. 505. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a wheat program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of wheat involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of wheat for which marketing certificates are made available to producers, if any person markets, barters, or donates wheat without marketing certificates issued under section 504 or markets, barters, or donates an amount of wheat in excess of the amount of wheat the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so marketed, bartered, or donated, or

"(B) with respect to a producer, decrease the number of acres of the farm's individual farm program acreage for wheat such producer may devote to production for the succeeding crop of wheat by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person, knowingly purchases or otherwise acquires an amount of wheat for any purpose in excess of the amount of wheat that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a wheat program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibitions and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring wheat set out in this section or section 504 shall apply to wheat in unprocessed or processed form, and to products of wheat, prior to the conversion of such wheat or wheat products into end-use food or other products or intermediate-use products in which the wheat or wheat product loses its separate identity.

"NATIONAL MARKETING CERTIFICATE PROGRAM—FEED GRAINS

"SEC. 506. (a)(1) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of feed grains is approved under section 503, the Secretary shall make available to producers on each farm loans and purchases for such crop of feed grains for an amount of feed grains produced on the farm equal to the individual farm program acreage for the crop, as determined under subsection (c) or (e) of section 105C (as limited under subsection (b)), times the farm program yield for the crop, as determined by the Secretary.

"(2) Loans and purchases shall be made available during the marketing year for any such crop of corn at such level as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains, except that the level of corn loans and purchases for the 1987 through 1990 marketing years may not be established at less than $3.49 or 70 per centum of parity, whichever is greater, per bushel of corn.

"(3) Loans and purchases shall be made available for a crop of grain sorghums, barley, oats, or rye, respectively, at such level as the Secretary determines is not less than 70 per centum of parity, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b) Notwithstanding the provisions of section 107D, if a national marketing certificate program for a crop of feed grains is approved under section 503, the individual farm program acreages for such crop may not be established at less than 75 per centum of each farm's feed grains crop acreage base for the crop.

"(c)(1)(A) The Secretary shall make available to producers on each farm marketing certificates for any of the 1987 through 1990 crops of feed grains for which a national marketing certificate program is in effect. The amount of such marketing certificates made available to the producers on a farm for a crop shall equal an amount of feed grains determined by multiplying the individual farm program acreage for the crop, as determined under subsection (c) or (e) of section 105C (as limited under subsection (b)), by the farm's program yield for the crop, as determined by the Secretary.

"(B) The Secretary may make available to importers marketing certificates for feed grains or feed grain products imported during the marketing year for any of the 1987 through 1990 crops of feed grains for which a national marketing certificate program is in effect. The quantities of such imported feed grains or feed grain products shall not exceed the amount that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act of 1933, reenacted by the Agricultural Marketing Agreement Act of 1937.

"(2)(A) A marketing certificate applicable to a crop of feed grains issued to a producer shall authorize such producer to market, barter, or donate, without restriction, an amount of feed grains equal to the amount of such marketing certificate. Feed grains may not be marketed, bartered, or donated by a producer without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be used for feed, human consumption, or other purposes on the farm of the producer.

"(B) A marketing certificate applicable to a quantity of feed grains or feed grain products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, an amount of feed grains or feed grain products equal to the amount of such marketing certificate. Feed grains or feed grain products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) If for any crop, feed grains that the producer harvests exceed the amount of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be used for feed, human consumption, or other purposes on the farm of the producer. In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding marketing year to the extent that (A) the total amount of such feed grains available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the amount of the marketing certificates made available to the producers on the farm for that crop, and (B) the total amount of feed grains available for marketing under a certificate in the succeeding marketing year (that is, the sum of the amount of such feed grains carried over and the amount of feed grains produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the amount of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(4) Marketing certificates made available to a producer or an importer of feed grains or feed grain products shall not be transferable, except to the extent that such certificates accompany feed grains or feed grain products that are marketed, bartered, or donated under paragraph (2), and any such transfer that does not accompany feed grains or feed grain products shall render such certificates null and void.

"(5) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(6) No person may purchase or otherwise acquire an amount of feed grains in excess of the amount of feed grains that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available.

"(7) If marketing certificates for feed grains are not made available to producers for any crop, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of the marketing year for such crop of feed grains.

"(8) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 105C shall apply to feed grains and producers of feed grains for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO FEED GRAINS

"SEC. 507. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a feed grain program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of feed grains involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of feed grains for which a marketing certificate is made available to producers if any person markets, barters, or donates feed grains without a marketing certificate issued under section 506 or markets, barters, or donates feed grains other than for domestic use in excess of the amount of the commodity the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so marketed, bartered, or donated, or

"(B) with respect to a producer, decrease the number of acres of the farm's individual farm program acreage for feed grains such producer may devote to production for the succeeding crop of feed grains by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person knowingly purchases or otherwise acquires an amount of feed grains for any purpose in excess of the amount of feed grains that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a feed grain program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibition and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring feed grains set out in this section and section 506 shall apply to feed grains in unprocessed or processed form, and to products of feed grains, prior to the conversion of such feed grains or feed grain products into end-use food or other products or intermediate-use products in which the feed grains or feed grain product loses its separate identity.

"PROGRAM BASES

"SEC. 508. Notwithstanding any other provision of law, for any crop of wheat or feed grains for which a national marketing certificate program is approved under section 503, no producer of such crop may adjust the producer's crop acreage base for the crop and the producer's base for such crop shall be as determined by the Secretary.

"NONAPPLICABILITY OF NONRECOURSE LOAN LIMIT

"SEC. 509. The limitations established under section 405(b), as effective for the 1987 through 1990 crops, shall not apply to loans that a person may receive with respect to any crop of wheat or feed grains for which the national marketing certificate program provided for under this title is in effect.

"FEES OR QUANTITATIVE LIMITATIONS

"SEC. 510. In carrying out the provisions of this title, the Secretary shall advise the President, as necessary, under section 22 of the Agricultural Adjustment Act of 1933, reenacted by the Agricultural Marketing Agreements Act of 1937, of the need to impose fees or quantitative limitations on any article or articles that may be imported, to ensure that such article or articles that may be imported do not render ineffective the loan and purchase programs authorized under this title.

"TRANSITION REGULATIONS

"SEC. 511. (a) The Secretary may issue such regulations as the Secretary determines necessary to carry out this title, including procedures to ensure the equitable treatment of producers with wheat or feed grains under loan at such time that the marketing certificate program authorized under this title takes effect.

"(b) The procedures prescribed under subsection (a) shall offer such producers the opportunity to extend the period of such loans, forfeit the grain securing such loans, or continue to store such grain in a manner that will reduce to the Government the cost of otherwise acquiring and storing such grain. In no case shall such procedures require producers to redeem grain held under section 110.

"USE OF THE COMMODITY CREDIT CORPORATION

"SEC. 512. The Secretary shall carry out programs provided for under this title through the Commodity Credit Corporation.

"ADMINISTRATIVE PROVISIONS

"SEC. 513. The provisions of sections 372(d), 373, 375, and 376 of the Agricultural Adjustment Act of 1938, as amended by section 452 of the Food Security Act of 1985, shall apply to the programs in effect under this title for any of the 1987 through 1990 crops of wheat or feed grains.".

Sec. 502. (a) Effective for each of the 1987 through 1990 crops of wheat and feed grains, the Agricultural Adjustment Act of 1938 is amended by—

(1) in section 301(b)(6)—

(A) inserting "(excluding wheat and corn with respect to any crop in which a program is in effect under title V of the Agricultural Act of 1949", and

(B) adding at the end thereof the following:

"(D) 'Market', in the case of wheat and feed grains of any crop for which a program is in effect under title V of the Agricultural Act of 1949, means to dispose of by voluntary or involuntary sale or exchange.";

(2) inserting "or title V of the Agricultural Act of 1949" after "this Act" both places that phrase appears in section 372(d);

(3) in section 373—

(A) striking out "corn" both places that word appears in the first sentence of subsection (a) and inserting in lieu thereof "feed grains";

(B) inserting "and title V of the Agricultural Act of 1949" after "this title" in the second sentence of subsection (a); and

(C) striking out "corn, wheat" in subsection (b) and inserting in lieu thereof "feed grains", and inserting "and title V of the Agricultural Act of 1949" after "this title";

(4) in section 375(a), inserting "other feed grains," after "corn", and inserting "or title V of the Agricultural Act of 1949" after "this title"; and

(5) inserting "and title V of the Agricultural Act of 1949" after "this title" both places it appears in section 376.

(b) Effective for each of the 1987 through 1990 crops of wheat and feed grains, section 401(c) of the Agricultural Act of 1949 (7 U.S.C. 1421(c)) is amended by inserting after the first sentence the following: "Compliance by the producer with requirements under title V, if programs under title V are in effect for a crop, shall be required as a condition of price support.".

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WEAVER146

[4 December 1985]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY MR. WEAVER OF OREGON

Page 17, strike out line 4 and all that follows through line 18 on page 18.

Redesignate succeeding sections accordingly and make appropriate changes in cross references.

WEAVER147

[4 December 1985*]

AMENDMENT TO H.R. 3792, AS INTRODUCED
OFFERED BY MR. WEAVER OF OREGON

Page 18, line 12, after the period insert ``The total of obligations of the Capital Corporation purchased by the Secretary under this section and outstanding at any one time shall not exceed $30,000,000,000.''.

Amendment to H.R. 3792, As Introduced
Offered by Mr. Evans of Iowa

Page 19, after line 19 insert the following:

Central Reserve

SEC. 105 Part A of title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by inserting after the section 4.9B inserted by section 5 of this Act the following:

"SEC. 4.9C. CENTRAL RESERVE FOR FARM CREDIT SYSTEM-- (a) The Farm Credit Administration may, effective January 1, 1991, establish and maintain a central reserve for the Farm Credit System.

"(b) Such central reserve shall be held in the form of Treasury securities and demand deposits.

"(c) The Farm Credit Administration is authorized to use the reserve to make temporary deposits and tempory investments in financially troubled banks or associations of the Farm Credit System.

"(d) (1) The Farm Credit Administration may order payments into such central reserve of one-tenth of 1 percent of the proceeds of each individual, consolidated, or System-wide note, bond, debenture, or other obligation issues by the Farm Credit System, or any part thereof, under this Act.

"(2) Such payments under paragraph (1) may be ordered during any period when such central reserve contains the unobligated sum the Farm Credit Administration deems inadequate to achieve the purposes of such central reserve, but not more than a sum equal to 3 percent of the total of loans outstanding on December 31 of the last preceding calender year from Farm Credit System institutions to persons other than such institutions.

"(e) The Farm Credit Administration shall require a banks or association to repay in whole or in part a temporary deposit or retire in whole or in part a temporary investment, made in such bank or association under this section, at such time as in the opinion of the Farm Credit Administration such bank or association has resources available therefor and the need for such temporary deposit or temporary investment is reduced or no longer exists.

"(f) The Farm Credit Administration shall issue rules and regulations implementing this section."

Amendment to H.R. 3792
Offered by Mr. Evans of Iowa

The following new title is added after the newly designated title IV at the end of the bill:

TITLE V -- NATIONAL COMMISSION ON AGRICULTURAL FINANCE

"Sec. 501.(a) The President of the United States shall appoint a National Commission on Agricultural Finance. Such commission shall be comprised of 15 members appointed by the President and would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adequate credit to agricultural producers and agribusiness, taking into account the long term financing needs of the agricultural economy; the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Finance shall --

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit.

(2) evaluate the structure, performance, and conduct of private lenders -- commercial bankers and the Farm Credit System -- and public lenders.

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets, and

(4) evaluate the impact on suppliers, producers, processors and local communities when financial institutions fail.

(d) Not later than 18 months after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarily self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to--

(1) the Committee on Agriculture of the House of Representatives;

(2) the Committee on Banking, Finance and Urban Affairs of the House of Representatives;

(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(4) the Committee on Banking, Housing and Urban Affairs of the Senate.

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission.

Redesignate the last title of the bill as title VI and amend the newly designated section 601, line 15, page 68 by striking "III" and inserting "V".

Amendment to H.R. 3792, as introduced, offered by Congressman Richard H. Stallings of Idaho.

NATIONAL COMMISSION ON AGRICULTURAL FINANCE

Page ____, Line ____,

(a) The President of the United States shall appoint a National Commission on Agricultural Finance. Such commission shall be comprised of 15 members, seven appointed by the President and eight by Congress. Of the eight appointed by Congress, four shall be appointed by the chairman of the House Committee on Agriculture and four by the chairman of the Senate Agriculture Committee. The commission would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adequate credit to agricultural producers and agri-business, taking into account the long term financing needs of the agricultural economy; the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Finance shall -

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit.

(2) evaluate the structure, performance, and conduct of private lenders - commercial bankers and the Farm Credit System - and public lenders.

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets, and

(4) evaluate the impact on suppliers, producers, processors and local communities when financial institutions fail.

(d) Not later than 12 months after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarily self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to -

(1) the Committee on Agriculture of the House of Representatives;

(2) the Committee on Banking, Finance and Urban Affairs of the House of Representatives;

(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate, and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate.

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission.

Amendment to H.R. 3792, as introduced
Offered by Congressman Richard H. Stallings

Page 17, Line 3, After "Cooperatives." insert:

"Sales by the Capital Corporation of real property formerly securing a liquidated loan shall be conducted pursuant to rules published by the corporation which are compatible with the following criteria:

(1) Notice of pending sales shall be made public;

(2) Previous owners shall be advised of the pending sale and shall not be precluded from purchasing their former property; and

(3) The sale of real property acquired by the Corporation in larger tracts shall be discouraged.

#4

AMENDMENT TO H. R. 3792
TO BE OFFERED BY MR. GLICKMAN

On page 53, after line 4, insert the following new section:

"SEC. 5.37. LIABILITY OF DIRECTORS AND OFFICERS. -- Any person who, in the course of service as an officer or director of a System institution, shall have knowingly engaged in any act, omission or practice that demonstrates gross negligence or constitutes a breach of fiduciary duty, or willfully violates or participates in the violation of this Act or any rule, regulation, or order issued thereunder, shall be personally and individually liable for all damages which the institution, its stockholders, or any other person shall have sustained in consequence thereof. The provisions of this subsection may be enforced in an action at law commenced in the District Courts of the United States by or on behalf of such institution, stockholder or other person."

U.S. House of Representatives
Committee on Agriculture
Washington, DC 20515

MINUTES

Date Wednesday, December 4, 1985

~~(Sub)~~ Committee: Full

Business Meeting

met at 2:40 p.m. o'clock, in Room 1300 Longworth House Office Building

for the purpose of considering the Farm Credit Act Amendments of 1985, H.R. 3792

The following Members were present:

Mr. de la Garza
Mr. Jones (N.C.)
Mr. Jones (Tenn.)
Mr. Rose
Mr. Weaver
Mr. Bedell
Mr. English
Mr. Panetta
Mr. Huckaby
Mr. Glickman
Mr. Whitley
Mr. Coelho
Mr. Stenholm
Mr. Volkmer
Mr. Hatcher

Mr. Tallon
Mr. Staggers
Mr. Thomas
Mr. Olin
Mr. Penny
Mr. Stallings
Mr. Bruce
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.
Mr.

Mr. Madigan
Mr. Jeffords
Mr. Marlenee
Mr. Hopkins
Mr. Stangeland
Mr. Roberts
Mr. Emerson
Mr. Morrison
Mr. Gunderson
Mr. Evans (Iowa)
Mr. Chappie
Mr. Franklin
Mr. Lewis
Mr. Smith
Mr. Combest
Mr. Schuette
Mr.

Members Also Present:
Mr. Bereuter

Staff Present:
Phillip L. Fraas
John E. Hogan
Cristobal P. Aldrete
Mark Dungan
Bernard Brenner
Bob Cashdollar
Jim Johnson
Susan Adkins
Bill O'Conner
Glenda Temple

Kathy Hughes
Francie Monaghan
Fred Clark
Marshall Livingston
Charles Hilty

Witnesses:

Present to respond to Member's questions:

1. Mr. Doug Bellis, Office of Legislative Counsel, U.S. House of Representatives

2. Hon. Frank Naylor, Under Secretary for Small Community and Rural Development, U.S. Department of Agriculture, Washington, D.C.

3. Hon. Marvin Duncan, Senior Deputy Governor, Farm Credit Administration, McLean, Virginia

   Acc. by: Mr. Larry Edwards, Deputy Governor and Chief Examiner, Office of Examination and Supervision, Farm Credit Administration
   Mr. Frederick R. Medero, General Counsel, FCA
   Mr. Gary Norton, Office of General Counsel, FCA

4. Hon. Charles Setheness, Assistant Secretary for Domestic Finance, U.S. Department of the Treasury, Washington, D.C.

   Acc. by: Mr. Robert Zoellick

5. Mr. Gene Swackhammer, President, Farm Credit Banks of Baltimore, Baltimore, Maryland

6. Mr. Burgee Amdahl, Farm Credit Services of St. Paul, Minnesota

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Action Taken

-- Without objection Subcommittee Print considered as markup vehicle and open for amendment at any point.

-- Bedell amendment to English amendment agreed to by voice vote.

-- By voice vote English amendment preventing charter being issued in competition with local associations, as amended, agreed to.

-- By voice vote Weaver amendment requiring appropriations not adopted.

-- Without objection Panetta-Stangeland amendment on restructuring of debt withdrawn.

-- By voice vote Evans (Iowa) amendment providing for purchase of assets by Capital Corporation agreed to.

-- By voice vote Penny amendment on composition of credit review board agreed to.

-- Without objection Stenholm amendment providing for additional provisions for loss reserves adopted.

-- Without objection English amendment requiring FCA notification to Congress when an institution in danger of insolvency withdrawn.

-- By show of hands vote 12 yeas-17 nays Glickman amendment providing liability for directors and officers not approved.

-- Without objection Stenholm amendment providing for method of electing Farm Credit System Capital Corporation Board Members approved.

-- Without objection Stenholm amendment concerning mergers of System institutions reformed.

-- By voice vote Stenholm amendment, as reformed, adopted.

-- Stenholm unanimous consent request to reform amendment concerning Capital Corporation purchases at fair market value or current earning value not approved. Without objection the amendment withdrawn.

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-- Stenholm amendment, as perfected, offered to provide for purchases at fair market value and then withdrawn without objection.

-- Without objection Jeffords conforming amendment adopted.

-- Without objection Jeffords amendment ensuring that reserves set aside for losses not be transferred withdrawn in favor of report language suggested by Panetta.

-- Without objection English report language adopted.

-- By voice vote English amendment clarifying unsafe and unsound banking practices not agreed to.

-- By voice vote English amendment providing for corporate governance and accountability provisions not adopted.

-- By voice vote Huckaby amendment providing that repossessed lands cannot be sold to an individual or corporation at a discounted rate for less than that offered by the Capital Corporation approved.

-- Without objection Marlenee amendment on appraising mineral rights withdrawn in favor of report language.

-- By voice vote Subcommittee amendment, as amended, agreed to.

-- By voice vote H.R. 3792, as amended, ordered reported to the House in the presence of a quorum.

Chairman de la Garza called the meeting to order for the purpose of considering H.R. 3792, the Farm Credit Act Amendments of 1985. (See minutes of December 3 Subcommittee on Conservation, Credit, and Rural Development meeting for copy of bill as introduced.)

On request of Mr. English the Chairman assured the Members that their amendments would be in order even if they are drafted to the original bill and not the language reported from the Subcommittee.

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Mr. Jones (Tenn.), Chairman of the Subcommittee on Conservation, Credit, and Rural Development was recognized for the subcommittee's report on the legislation. Mr. Jones explained the provisions of the subcommittee's substitute amendment (copy attached) and asked that the amendment be considered as original text for purposes of amendment. There was no objection.

Mr. Weaver advised that he had planned to offer the language of H.R. 3823 as a substitute but had decided not to offer the amendment in order to offer an amendment requiring that the act be subject to appropriations.

Mr. English offered the attached amendment to prevent a charter being issued in competition with one of the local associations and provide that loan associations be treated in the same manner as merged associations. Discussion occurred on the amendment. Mr. Bedell offered an amendment to the English amendment to delete "Boards of Directors or" and discussion continued. By a voice vote the Bedell amendment was agreed to. The English amendment, as amended, was then approved by a voice vote.

Mr. Weaver offered the attached amendment to require that the amounts provided by the Secretary of the Treasury be subject to advance appropriation. Discussion occurred on the amendment. By a voice vote the amendment was not adopted.

Mr. Panetta offered the attached amendment on behalf of himself and Mr. Stangeland regarding the buydown provision. The proposal was designed to give farmesr and their lenders the opportunity to restructure their debts. Discussion occurred on the amendment. Due to the jurisdictional questions Chairman de la Garza and Mr. Jones, Chairman of the Subcommittee, agreed to cosponsor the legislation. Whereupon Mr. Panetta withdrew the amendment to prepare a clean bill for introduction in the House.

Mr. Evans (Iowa) was recognized to offer the attached amendment which would provide that the Capital Corporation purchase all assets which are performing loans not voluntarily purchased by other associations. Discussion occurred and by a voice vote the amendment was agreed to.

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Mr. Penny offered the attached amendment. On introduction he advised that he was only introducing the second part of the amendment since the first part had been taken care of in the Subcommittee substitute. He advised that the proposal had been suggested by Attorney General Humphrey of Minnesota and dealt with reconsideration of action on loan applications. The language would make clear that the credit review committee would be comprised of board members. Discussion occurred and by a voice vote the proposal was adopted.

Mr. Stenholm was recognized to offer the attached amendment to provide for additional provision for loss reserves. Discussion occurred and without objection the amendment was agreed to.

Mr. English offered the attached amendment which would require that the Farm Credit Administration notify the Congress when an institution is in danger of insolvency. Discussion occurred and Mr. Jones, Chairman of the Subcommittee on Conservation, Credit, and Rural Development stated that there would be oversight of this type of issue three or four times a year and that language would not be necessary in the bill. Mr. English withdrew the amendment without objection.

Mr. Glickman offered the attached amendment providing liability for directors and officers. Discussion occurred and by a show o hands vote of 12 yeas-17 nays the amendment was not agreed to.

Mr. Stenholm offered the attached amendment to provide for the method of electing Farm Credit System Capital Corporation Board Members. Discussion occurred and without objection the amendment was approved.

Mr. Stenholm offered the attached amendment concerning mergers of System institutions and discussion occurred. Mr. Stenholm asked unanimous consent to modify his amendment to delete the first paragraph and there was no objection. The amendment, as reformed, was then approved by a voice vote.

Mr. Stenholm offered the attached amendment concerning the Capital Corporation purchases at "fair market value" or "current earning value", whichever is greater. Discussion occurred. Mr. Stenholm asked unanimous consent to revise his amendment to delete the current earning value reference and objection was heard. The amendment was then withdrawn without objection.

Mr. Stenholm then reoffered the above amendment as stated in the unanimous consent request. Discussion occurred and without objection the amendment was withdrawn.

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Mr. Jeffords offered a conforming amendment to an amendment adopted in Subcommittee. He had deleted the words "assessment or other means" in one instance but the same language appears at another point in the definition of assessment. Without objection staff was directed to make the correction.

Mr. Jeffords offered the attached amendment to ensure that reserves set aside for losses are not transferred. Discussion occurred and jurisdictional problems were raised. Without objection the Jeffords amendment was withdrawn in favor of report language suggested by Mr. Panetta.

Mr. English offered the attached report language clarifying that when the Capital Corporation leases acquired land back to the original owner, it sets the rental rate, whether cash or crop-share at the level normal in the area at the time the lease is negotiated. Without objection the language was approved.

Mr. English offered paragraphs 1 through 4 on the attached amendment which clarify what is an unsafe and unsound banking practice and ensure that liquidation/receivership of system entities is used only as a last resort. Discussion occurred and by a voice vote the amendment was not agreed to.

Mr. English offered the attached amendment providing for corporate governance and accountability provisions. Discussion occurred and by a voice vote the amendment was not approved.

Mr. Huckaby offered the attached amendment providing that if the Federal land bank has large volumes of lands that it has repossessed that it cannot sell to an individual or a corporation at a discounted rate for less than what it could get from the capital Corporation. Discussion occurred and by a voice vote the proposal was agreed to.

Mr. Marlenee offered the attached amendment to force lending institutions to appraise and assign a value to the mineral rights that accompany surface rights when land is appraised. Discussion occurred and without objection the amendment was withdrawn for inclusion of report language.

By a voice vote the Subcommittee amendment, as amended, was agreed to. By a voice vote and in the presence of a quorum H.R. 3792, as amended was ordered reported to the House (26 Members present and voting).

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Staff was given permission to make any necessary technical and clerical amendments.

During the proceedings one recess was taken at 5:55 p.m. to enable Members to respond to a recorded vote on the House floor. At 8:30 p.m. the meeting was adjourned, subject to the call of the Chair.

Glenda Temple
Glenda Temple

MDB593

[6 December 1985]

Subcommittee Amendment in the Nature of a Substitute

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Farm Credit Amendments Act of 1985".

TITLE I--PROVISIONS TO STRENGTHEN THE OPERATION OF FARM CREDIT SYSTEM LENDING INSTITUTIONS

Capital and financing

Sec. 101. Part A of title IV of the Farm Credit Act of 1971 is amended by--

(1) amending section 4.0 to read as follows:

"Sec. 4.0. Revolving Funds; Investments.--The revolving fund established by Public Law 87-343, 75 Stat. 758, as amended, and the revolving fund established by Public Law 87-494, 76 Stat. 109, as amended, and continued by Public Law 96-592, shall be merged and shall be available to the Farm Credit Administration for the purchase, on behalf of the United States, of capital stock of the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act. The Farm Credit Administration may make such purchases of stock as the Farm Credit Administration determines, in its discretion, are necessary to achieve the purposes of this Act.'';

(2) striking out section 4.1;

(3) in section 4.3, striking out subsection (a) and redesignating subsection (b) as subsection (c) and inserting new subsections (a) and (b) as follows:

''Sec. 4.3. Capital Adequacy of Banks and Associations.--(a) The Farm Credit Administration shall cause System institutions to achieve and maintain adequate capital by establishing minimum levels of capital for such System institutions and by using such other methods as the Farm Credit Administration deems appropriate. The Farm Credit Administration may establish such minimum level of capital for a System institution as the Farm Credit Administration, in its discretion, deems to be necessary or appropriate in light of the particular circumstances of the System institution.

''(b)(1) Failure of a System institution to maintain capital at or above its minimum level as established under subsection (a) may be deemed by the Farm Credit Administration, in its discretion, to constitute an unsafe and unsound practice within the meaning of this Act.

''(2)(A) In addition to, or in lieu of, any other action authorized by law, including paragraph (1), the Farm Credit Administration may issue a directive to a System institution that fails to maintain capital at or above its required level as established under subsection (a). Such directive may require the System institution to submit and adhere to a plan acceptable to the Farm Credit Administration describing the means and timing by which the System institution shall achieve its required capital level, but may not require merger or consolidation without a majority vote of the voting stockholders or the contributors to the guaranty fund of the institution.

"(B) Any directive issued under this paragraph, including plans submitted pursuant thereto, shall be enforceable under the provisions of section 5.31 of this Act to the same extent as an effective and outstanding order issued under section 5.25 of this Act that has become final.

"(3) The Farm Credit Administration may consider such System institution's progress in adhering to any plan required under paragraph (2) whenever such System institution, or an affiliate thereof, seeks the requisite approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede such System institution's progress in achieving its minimum capital level. The Farm Credit Administration may deny such approval where it determines that such proposal would adversely affect the ability of the system institution to comply with such plan."; and

(4) in section 4.4--

(A) redesignating subsection (c) as subsection (d); and

(B) inserting, after subsection (b), the following:

''(c) For purposes of this part, the term 'bank' shall include the Farm Credit System Capital Corporation chartered under part D1 of this title.''.

Appointment of conservator or receiver

Sec. 102. Section 4.12 of the Farm Credit Act of 1971 is amended by striking out subsection (b) and inserting in lieu thereof the following:

''(b) The Farm Credit Administration may appoint a conservator or receiver for any System institution on the determination by the Farm Credit Administration that one or more of the following exists, or is occurring, with respect to the institution: (1) insolvency in that the assets of the institution are less than its obligations to its creditors and others, including its members; (2) substantial dissipation of assets or earnings due to any violation of law, rules, or regulations, or to any unsafe or unsound practice; (3) an unsafe or unsound condition to transact business; (4) willful violation of a cease and desist order that has become final; (5) concealment of books, papers, records, or assets of the institution or refusal to submit books, papers, records, or other material relating to the affairs of the institutions for inspection to any examiner or to any lawful agent of the Farm Credit Administration. The Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver. If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver as herein provided exists, the Farm Credit Administration may appoint ex parte and without notice a conservator or receiver for the institution. In the event of such appointment, the institution, within thirty days thereafter, may bring an action in the United States district court for the judicial district in which the home office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver, and the court, shall on the merits, dismiss such action or direct the Farm Credit Administration to remove such conservator or receiver. On the commencement of such an action, the court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.''.

Farm credit system capital corporation

Sec. 103. Title IV of the Farm Credit Act of 1971 is amended by inserting, after section 4.28, the following:

``Part D1--Farm Credit System Capital Corporation

``Sec. 4.28A. Existence of Corporation.--The Farm Credit Administration, not later than 60 days after enactment of the Farm Credit Amendments Act of 1985, shall (1) charter the Farm Credit System Capital Corporation (referred to in this Act as `` `the Capital Corporation''), which, subject to the provisions of this part and the regulations of the Farm Credit Administration, shall be a federally chartered instrumentality of the United States and an institution of the Farm Credit System, and (2) revoke the charter for the Farm Credit System Capital Corporation issued under part D of this title. The charter issued to the Farm Credit System Capital Corporation pursuant to this paragraph shall be reviewed on December 31, 1987. The Farm Credit Administration Board shall submit to Congress by December 31, 1987, a report and analysis of the Capital Corporation together with any recommendations for legislation to extend the charter of the Farm Credit System Capital Corporation.

``Sec. 4.28B. Purposes.--For the sole purpose of carrying out a program of financial and technical assistance to insitutions within the Farm Credit System (and their borrowers) which are experiencing financial difficulties, the Capital Corporation shall--

``(1) carry out a program of financial assistance among institutions of the Farm Credit System;

"(2) acquire from other Farm Credit System institutions and participate with such institutions in nonperforming assets of such institutions;

"(3) hold, restructure, collect, and otherwise administer nonperforming assets acquired from or participated in with other Farm Credit System institutions, and guarantee performing and nonperforming assets held by other Farm Credit institutions;

"(4) provide technical assistance and related services to other Farm Credit System institutions in connection with the administration of their loan portfolios;

"(5) provide assistance and related services to Farm Credit System institutions to assist them in restructuring or refinancing loans of their member-borrowers; and

"(6) receive and administer financial assistance for Farm Credit System institutions that originates outside of the Farm Credit System.

"Sec. 4.28C. Board of Directors of the Capital Corporation.--(a) The Board of Directors of the Capital Corporation shall consist of five members, four of whom shall be elected from the farm credit district boards of the banks that are contributing financial aid to the Capital Corporation formed pursuant to section 4.28A and I, and one

in accordance with guidelines established by the Farm Credit Administration of whom shall be appointed by the Chairman of the Farm Credit Administration. The person appointed by the Chairman shall be selected from United States citizens who are not borrowers from, shareholders in, or employees of any System institution, and who are experienced in financial services and credit. Members of the board of directors shall serve three year terms, except that, of the first board of directors, one elected member and one appointed member shall serve initial terms of one year. The board of directors shall elect, on an annual basis, a Chairman from among its members.

''(b) Members of the board may succeed themselves and may serve until their successors are duly seated. Vacancies on the board shall be filled in the same manner as the vacant position was previously filled.

''Sec. 4.28D. Compensation of Board Members.--Members of the board of directors of the Capital Corporation shall receive compensation, including reasonable allowances for necessary expenses, in attending meetings of the board. The compensation shall not be in excess of the level set by the Farm Credit Administration.

''Sec. 4.28E. Board Procedures.--The board of directors of the Capital Corporation shall adopt such rules as it may deem appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

''Sec. 4.28F. Chief Executive Officer of the Corporation.--The chief executive officer of the Capital Corporation shall be selected by the board of directors of the Capital Corporation, subject to the approval of the Farm Credit Administration, and shall serve at the pleasure of the board.

''Sec. 4.28G. General Corporate Powers.--(a) The Capital Corporation shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have the power to--

''(1) operate under the direction of its board of directors;

''(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

''(3) provide for one or more vice presidents, a secretary, a treasurer, and such other officers, employees and agents, as may be necessary, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

''(4) prescribe by its board of directors its bylaws, not inconsistent with law, which shall provide for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; the manner in which its officers, employees, and agents are selected; its property is acquired, held, and transferred; its loans, commitments, and other financial assistance are made; its general business is conducted; and the privileges granted by its bylaws are exercised and enjoyed;

''(5) enter into contracts and make advance, progress, or other payments with respect to such contracts;

''(6) contract with System institutions for local administration, servicing, and restructuring of loan and loan-related assets and management of acquired properties of the Corporation;

''(7) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

''(8) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property, and guarantee, sell, or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to its business;

''(9) authorize, through its board of directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and voting or nonvoting securities, to the Secretary of the Treasury or the Farm Credit Administration, under such terms and conditions as shall be determined;

''(10) obtain insurance against loss in connection with property and other assets;

''(11) modify or consent to modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or in which it has an interest under this Act;

''(12) borrow from any commercial bank on its own individual responsibility on such terms and conditions as it may determine with the approval of the Farm Credit Administration;

''(13) join with Farm Credit System banks in the issuance of System-wide notes, bonds, debentures, and other similar obligations under section 4.2(d) of this Act, or assume liability with respect to outstanding System wide obligations, and, if it satisfies the requirements applicable to banks under section 4.3 of this Act, it shall be jointly and severally liable with the System banks for the payment of principal and interest on such obligations, and pay on such obligations any sums as may be called on by the Farm Credit Administration to make payments of principal or interest that any bank or banks primarily liable therefor are unable to make;

''(14) require other institutions of the Farm Credit System, through purchase of stock in, or obligations of, the Capital Corporation, to make funds available to the Capital Corporation to enable it to make financial assistance available to institutions of the Farm Credit System as provided in paragraph (15). The Capital Corporation may also assess at such times and under such circumstances as it deems appropriate, System Institutions for the purpose of covering its operating expenses not to include interest costs. The guidelines to be used by the Capital Corporation in obtaining funds from other institutions of the Farm Credit System for the purpose of aggregating resources to assist System institutions, to the extent practicable, shall give priority to obtaining funds through the use of transactions that require the Capital Corporation, on reasonable terms, to repay the contributed funds from surpluses accumulated by the Capital Corporation, and otherwise shall be in conformity with regulations issued by the Farm Credit Administration;

''(15) administer financial assistance under regulations of the Farm Credit Administration which shall--

''(A) include standards to ensure that, consistent with sound business practices and subject to the criteria established under subparagraph (B) of this paragraph, the available capital and reserves of System institutions are committed to providing financial assistance to those institutions of the Farm Credit System eligible therefor; provided, 'available capital and reserves', as used in this subparagraph, shall not include capital stock, participation certificates and allocated equities held by borrowers that are not associations chartered under this Act;

''(B) establish criteria pursuant to which the Capital Corporation shall require other institutions of the Farm Credit System, through the purchase of stock in, or obligations of, the Capital Corporation, assessment or other means, to make funds available to the Capital Corporation under section 4.28A(13) of the Act. Such criteria shall--

''(i) provide for an equitable sharing of the burden of such assessments or purchases, taking into account (I) the relative financial strength and ability to pay of the contributing institutions; (II) the impact, including the effect on loan interest rates, on current borrowers and members of each System institution of the loss of the use of the accumulated net worth of their institution; and (III) the effect on lending rates of financial assistance already provided to other System institutions; and

''(ii) be designed to assure that (I) the capital strength, earning capacity, loanable funds and overall financial viability of each System institution providing funds to the Capital Corporation are maintained at such a level that credit shall continue to be available to eligible borrowers on reasonable and competitive terms taking into account the relative rates and terms available to them prior to investments in the Capital Corporation, (II) each bank shall continue to have access to funds in the public financial markets, and (III) each bank is able to maintain adequate financial resources to satisfy its liability on its own obligations and on that portion of systemwide notes, bonds, debentures or other obligations for which it is primarily liable;

''(C) establish criteria to be used in determining eligibility of System institutions for financial assistance from Capital Corporation and the types and amounts of financial assistance that can be obtained from the corporation. Such regulations shall provide that an institution shall be eligible to receive financial assistance when its financial condition has deteriorated to a point where its continued operation is jeopardized and the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the institution's territory.

''(16) purchase at fair market value from any other System institution, on the request of such institution, loans (or interests in loans) that have been placed on a nonaccrual status and assets (or interests in assets) in the account for acquired properties;

''(17) require System institutions to sell to the Capital Corporation loans and assets described in paragraph (16) as a condition to receiving financial assistance from the Capital Corporation;

''(18) exercise all the rights and privileges of any System institution with respect to any loan in which it has participated, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other such rights and privileges;

''(19) assume debt from System institutions or interests therein, or other liabilities, from System institutions in connection with the acquisition of loans or interests therein or other assets from such institutions;

''(20) refinance, reamortize, guarantee, or compromise indebtedness, and otherwise provide debt adjustment assistance, with respect to any loan to a borrower of a System institution purchased or participated in by the Capital Corporation under paragraph (16), and, after a determination by the Capital Corporation that the borrower could not reasonably be anticipated to meet loan servicing charges under a refinanced, reamortized, or otherwise restructured loan under reasonable terms and conditions, liquidate any such loan acceptable to the Capital Corporation;

''(21) adopt a salary scale for officers and employees of the Capital Corporation, in accordance with the directives of the board of directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5 of the United States Code relating to classification and General Schedule pay rates; and

''(22) deposit its securities and its current funds with any member of the Federal Reserve System or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act and pay fees therefor and receive interest thereon as may be agreed.

The Capital Corporation shall have such other incidental powers as are necessary to carry out its powers, duties, and functions in accordance with this Act.

"(b) The powers of the Capital Corporation set forth in subsection (a) of this section, to the extent they authorize the financial assistance of any type to borrowers and System institutions, shall be limited after December 31, 1990, as provided in this subsection. The powers of the Capital Corporation to directly or indirectly increase the level of such financial assistance to a borrower or institution or to provide directly or indirectly any such financial assistance to a borrower or institution not receiving such assistance on December 31, 1990, shall terminate on that date. All other powers, including those necessary for management and orderly liquidation of commitments made and obligations incurred in providing such assistance to borrowers and institutions on or before December 31, 1990, shall remain in effect thereafter.

"(c) Officers or employees of the Capital Corporation, like other Farm Credit System employees, shall not be considered officers or employees of the Federal Government. Funds held by the Capital Corporation shall not be construed to be Government funds or appropriated moneys.

"Sec. 4.28H. Succession of the Corporation.--On the issuance by the Farm Credit Administration of the new charter for the Capital Corporation under this part, the Capital Corporation shall succeed to, be liable for, and assume all debts, obligations, contracts, and other liabilities of the

Farm Credit System Capital Corporation chartered under part D of this title (referred to in this section as 'the predecessor corporation'), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation. The stock of the predecessor corporation shall be converted into stock of the corporation chartered under this part. The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Capital Corporation chartered under this part. To the extent that, on the extinguishing of liabilities assumed by the Capital Corporation under this section, and full performance or other final disposition of contract obligations under contracts assumed by the Capital Corporation under this section, there remain surplus funds attributable to such obligations or contracts, the Capital Corporation shall distribute such surplus funds among the System institutions that contributed funds to the predecessor corporation on the basis of the relative amount of funds so contributed by each institution.

''Sec. 4.28I. Limitation of Powers.--The powers of the

Capital Corporation under this part shall be exercised only for the purposes specified in this part and shall not be exercised in a manner that would result in the Capital Corporation supplanting the Farm Credit System institutions operating under titles I through III of this Act as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

''Sec. 4.28J. Authority of the Secretary of the Treasury.--(a) On certification by the Farm Credit Administration that (1) the Farm Credit System is in need of financial assistance to address financial stress of System institutions, (2) the System has committed its available capital surplus and reserves to address such financial stress of System institutions, (3) officers of System institutions have frozen their salaries and benefits, such freeze to remain in effect until the earlier of five years after the freeze begins or such time as the Secretary no longer holds any obligations issued by the Capital Corporation, and (4) the System has used such capital surplus and reserves to the extent that further contributions from, or losses incurred by, System institutions likely will preclude such institutions from making credit available to eligible borrowers on reasonable terms, the Secretary of the Treasury in the Secretary's discretion, may purchase any obligations issued by the Capital Corporation under section 4.28H, as heretofore, now, or hereafter in force; and for such purpose the Secretary of the Treasury may use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury, at any time, may sell, on such terms and conditions and at such price or prices as the Secretary shall determine, any of the obligations acquired by the Secretary under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this section shall be treated as public-debt transactions of the United States. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be on terms and conditions as shall be determined by the Secretary of the Treasury, taking into consideration the objectives that System institutions retain the ability to make credit available to eligible borrowers on reasonable terms and that banks of the System continue to have access to funds in the public financial markets.

''(b) The Farm Credit Administration promptly shall submit a copy of any certification made under subsection (a) to Congress, and the Secretary of the Treasury shall, not later than forty-five days after such certification is made, make known to the Congress and the Farm Credit Administration the Secretary's decision as to exercising the authority under subsection (a) and the reasons and documentation therefor, if that decision is not to purchase obligations of the capital corporation. Sales by the Capital Corporation of real property formerly securing a liquidated loan shall be conducted pursuant to guidelines adopted by the corporation which are compatible with the following criteria:

''(1) Notice of pending sales shall be made public.

''(2) Previous owners shall be advised of the pending sale and shall not be precluded from purchasing their former property.

''(3) The sale of real property acquired by the Corporation in large tracts shall be discouraged.

''Sec. 4.28K. Initial Capitalization.--The Farm Credit Administration shall provide for the initial capitalization of the Capital Corporation by requiring institutions of the System to contribute capital to the Capital Corporation in such amounts and under such terms and conditions as the Farm Credit Administration, in consultation with System institutions, may prescribe.''.

Conforming amendment

Sec. 104. Title IV of the Farm Credit Act of 1971 is further amended by inserting before section 4.2 the following:

''Sec. 4.1. Requirements to Purchase Stock and Pay Assessments and Contribute Capital to Capital Corporation.--The Federal land banks, the Federal intermediate credit banks, the banks for cooperatives, the Federal land bank associations, and the production credit associations shall purchase stock in, or obligations of, the Capital Corporation, pay assessments, make capital contributions, and take such other related actions as required by the Capital Corporation in the exercise of its powers under this Act. Any payment for retirement of stock so purchased, or repayment of obligations so purchased, by the Capital Corporation shall be distributed among all holders of such stock or obligations on the basis of the book value of the stock or obligations held by each such holder at the time of the distribution.''.

Central reserve

Sec. 105. Part A of title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by inserting after section 4.9 the following:

''Sec. 4.9A. Central Reserve for Farm Credit System.--(a) The Farm Credit Administration may, effective January 1, 1991, establish and maintain a central reserve for the Farm Credit System.

''(b) Such central reserve shall be held in the form of Treasury securities and demand deposits.

''(c) The Farm Credit Administration is authorized to use the reserve to make temporary deposits and temporary investments in financially troubled banks or associations of the Farm Credit System.

''(d)(1) The Farm Credit Administration may order payments into such central reserve of one-tenth of 1 percent of the proceeds of each individual, consolidated, or System-wide note, bond, debenture, or other obligation issued by the Farm Credit System, or any part thereof, under this Act.

''(2) Such payments under paragraph (1) may be ordered during any period when such central reserve contains the unobligated sum the Farm Credit Administration deems inadequate to achieve the purposes of such central reserve, but not more than a sum equal to 3 percent of the total of loans outstanding on December 31 of the last preceding calendar year from institutions in the Farm Credit System to persons other than other such institutions.

''(e) The Farm Credit Administation shall require a bank or association to repay in whole or in part a temporary deposit or retire in whole or in part a temporary investment, made in such bank or association under this section, at such time as in the opinion of the Farm Credit Administration such bank or association has resources available therefor and the need for such temporary deposit or temporary investment is reduced or no longer exists.

''(f) The Farm Credit Administation shall issue rules and regulations implementing this section.''.

TITLE II--REGULATION OF THE FARM CREDIT SYSTEM

Restructure of the farm credit administration

''Sec. 201. Part B of title V of the Farm Credit Act of 1971 is amended by--

(1) amending sections 5.7 through 5.12 to read as follows:

''Sec. 5.7. The Farm Credit Administration.--The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be composed of the Farm Credit Administration Board and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration by this Act.

''Sec. 5.8. The Farm Credit Administration Board; Appointment; Term of Office; Organization and Compensation.--(a) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board (referred to in this part as 'the Board'). The Board shall consist of three members, who shall be citizens of the United States and broadly representative of the public interest. Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. Of the persons thus appointed, one shall be designated by the President to serve as Chairman of the Board for the duration of the member's term. The members of the Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any institution of the Farm Credit System.

"(b) The term of office of each member of the Board shall be six years, except that the terms of the two members, other than the Chairman, first appointed under subsection (a) shall expire, one on the expiration of two years after the date of appointment, and one on the expiration of four years after the date of appointment. Members of the Board shall not be appointed to succeed themselves, except that the members first appointed under subsection (a) for a term of less than six years may be reappointed for a full six-year term and members appointed to fill unexpired terms of three years or less may be reappointed for a full six-year term. Any vacancy shall be filled for the unexpired term on like appointment. Any member of the Board shall continue to serve as such after the expiration of the member's term until a successor has been appointed and qualified.

"(c) Each member of the Board, within fifteen days after notice of appointment, shall subscribe to the oath of office. The Board may transact business if a vacancy exists, provided a quorum is present. A quorum shall consist of two members of the Board. The Board shall hold at least one meeting each month and such additional meetings at such times and places as it may fix and determine. Such meetings shall be held on the call of the Chairman or any two Board members. The Board shall adopt such rules as it deems appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

''(d) The members of the Board shall devote their full time and attention to the business of the Board. The Chairman of the Board shall receive compensation at the rate prescribed for level III of the Executive Schedule under section 5314 of title 5 of the United States Code. Each of the other members of the Board shall receive compensation at the rate prescribed for level IV of the Executive Schedule under section 5315 of title 5 of the United States Code. Each member of the Board shall be reimbursed for necessary travel, subsistence, and other expenses in the discharge of the member's official duties without regard to other laws with respect to allowance for travel and subsistence of officers and employees of the United States. The provisions of this subsection shall be subject to the provisions of section 5.11 of this Act.

''Sec. 5.9. Powers of the Board; Civil Proceedings.--The Board shall manage and administer, and establish policies for, the Farm Credit Administration. It--

"(1) shall approve the rules and regulations for the implementation of this Act not inconsistent with its provisions;

"(2) shall provide for the examination of the condition of, and general regulation of the performance of the powers, functions, and duties vested in, each institution of the Farm Credit System;

"(3) shall provide for the performance of all the powers and duties vested in the Farm Credit Administration; and

"(4) may require such reports as it deems necessary from the institutions of the Farm Credit System.

"Sec. 5.10. Chairman; Responsibilities; Governing Standards.--(a) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration. The Chairman shall be responsible for directing the implementation of the policies and regulations adopted by the Board and the execution of all of the administrative functions and duties of the Farm Credit Administration. The Chairman shall be the spokesman for the Board and the Farm Credit Administration and shall represent the Board and the Farm Credit Administration in their official relations within the Government. Under policies adopted by the Board, the Chairman shall consult on a regular basis with the Secretary of the Treasury in connection with the exercise by the System of the powers conferred under section 4.2 of this Act, with the Board of Governors of the Federal Reserve System in connection with the effect of System lending activities on national monetary policy, and with the Secretary of Agriculture in connection with the effect of System policies on farmers and the agricultural economy.

''(b) In carrying out responsibilities under this Act, the Chairman of the Board shall be governed by general policies adopted by the Board and by such regulatory decisions, findings, and determinations as the Board may by law be authorized to make and, as to third persons, all acts of the Chairman of the Board shall be conclusively presumed to be in compliance with such general policies and regulatory decisions, findings, and determinations.

''(c) The Chairman of the Board shall enforce the rules, regulations, and orders of the Board. Except as provided in section 518 of title 28 of the United States Code, relating to litigation before the Supreme Court, attorneys designated by the Chairman shall represent the Farm Credit Administration in any civil proceeding or civil action brought in connection with the administration of conservatorships and receiverships. Attorneys designated by the Chairman may represent the Farm Credit Administration in any other civil proceedings or civil action when so authorized by the Attorney General under provisions of title 28.

"Sec. 5.11. Organization of the Farm Credit Administration.--The Chairman of the Board, in carrying out the powers and duties now or hereafter vested in the Chairman by this Act and acts supplementary thereto, may establish and fix the powers and the duties of such divisions or other units as the Chairman may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties vested in the Board and the Farm Credit Administration. The Chairman of the Board shall appoint such personnel as may be necessary to carry out the functions of the Farm Credit Administration. Officers and employees of the Farm Credit Administration shall be subject to the Ethics in Government Act of 1978 and shall be considered officers or employees of the United States for the purposes of sections 201 through 203, and sections 205 through 209, of title 18 of the United States Code. Officers and employees of the Farm Credit Administration shall be subject to section 5373 of title 5 of the United States Code. The powers of the Chairman as chief executive officer of the Farm Credit Administration may be exercised and performed by the Chairman through such other officers and employees of the Farm Credit Administration as the Chairman shall designate. The operations of the Farm Credit Administration, and the salaries of members of the Board and employees of the Administration, shall be funded and paid for from the fund created under section 5.15 of this Act.

''Sec. 5.12. Advisory Committees.--The Chairman of the Board may establish one or more advisory committees in accordance with the Federal Advisory Committee Act and may appoint to such committee or committees individuals who are members of the Federal Farm Credit Board when such Board is terminated by the Farm Credit Amendments Act of 1985.'';

(2) striking out section 5.13;

(3) redesignating section 5.14 as section 5.13, and, in section 5.13, as so redesignated, striking out ''Governor'' and inserting in lieu thereof ''Board'';

(4) redesignating section 5.15 as section 5.14, and, in the second sentence of section 5.14, as so redesignated, striking out ''section 5.16(b)'' and ''section 5.16(a)'' and inserting in lieu thereof ''section 5.15(b)'' and ''section 5.15(a)'', respectively;

(5) redesignating section 5.16 as section 5.15;

(6) redesignating section 5.17 as section 5.16, and, in section 5.16, as so redesignated--

(A) striking out ''section 5.15'' in the first sentence and inserting in lieu thereof ''section 5.14'';

(B) striking out ''Federal Farm Credit'' in clause (2) of the first sentence; and

(C) in the fourth sentence, striking out ''section 5.16'' and inserting in lieu thereof ''section 5.15''; and

(7) redesignating section 5.18 as section 5.17 and amending subsection (a) thereof to read as follows:

''(a) The Farm Credit Administration shall have the following powers, functions, and responsibilities in connection with the institutions of the Farm Credit System and the administration of this Act:

''(1) Modify the boundaries of farm credit districts, with due regard for the farm credit needs of the country, as approved by the Board, with the concurrence of the district boards involved.

''(2) Where necessary or appropriate to carry out the policy and objectives of this Act, issue and amend or modify Federal charters of institutions of the System; approve change in names of banks operating under this Act; approve the merger of districts when agreed to by the boards of the districts involved and by a majority vote of the voting stockholders and contributors to the guaranty funds of each bank for each of such districts, voting in the same manner as is provided in section 4.10 of this Act; approve mergers of banks operating under the same title of this Act, merger of Federal land bank associations, merger of production credit associations, and the consolidation or division of the territories that they serve when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of each of the institutions involved; and approve consolidations of boards of directors or management agreements when agreed to by a majority vote of the voting stockholders or contributors to the guaranty fund of each of the institutions involved.

''(3) Make annual reports directly to Congress on the condition of the System and its institutions, based on the examinations carried out under section 5.19 of this Act, and on the manner and extent to which the purposes and objectives of this Act are being carried out and, from time to time, recommend directly legislative changes. The annual reports shall include a summary and analysis of the reports submitted to the Farm Credit Administration by the Federal land banks and Federal intermediate credit banks under section 4.19(b) of this Act relating to programs for serving young, beginning, and small farmers and ranchers.

''(4) Approve the issuance of obligations of the

System under subsections (c) and (d) of section 4.2 of this Act for the purpose of funding the authorized operations of the institutions of the System, and prescribe collateral therefor.

''(5) Grant approvals provided for under this Act either on a case-by-case basis or through regulations that confer approval on actions of Farm Credit System institutions that meet standards and criteria established by the Farm Credit Administration, including standards and criteria with respect to (A) interest rates on obligations of Farm Credit System institutions and on loans made or discounted by such institutions, and (B) the payment of dividends or patronage refunds by Farm Credit System institutions.

''(6) Establish standards for the System institutions with respect to loan security requirements and the borrowing, repayment, and transfer of funds and equities between institutions of the System.

''(7) Conduct loan and collateral security review.

''(8) Make investments in stock of the Capital Corporation out of the revolving fund referred to in section 4.0, and require the retirement of such stock.

''(9) Regulate the preparation by System institutions and the dissemination to stockholders and investors of information on the financial condition and operations of such institutions.

''(10) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

''(11) Exercise the powers conferred on it by part C of this title under part C of this title for the purpose of ensuring the safety and soundness of System institutions.

''(12) Exercise such incidental powers as may be necessary or appropriate to fulfill its duties and carry out the purposes of this Act.

''(13) Sue and be sued, complain and defend in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Farm Credit Administration shall be a party shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof, without regard to the amount of the controversy; and the Farm Credit Administration may, without bond or security, remove any such action, suit, or proceeding from a State court to the United States district court for the district or division embracing the place where the same is pending by following any procedure for removal now or hereafter in effect. Service of process on the Farm Credit Administration shall be in accordance with provisions of title 28 of the United States Code and rules adopted under title 28 for suits in which an agency of the United States is a party. The Farm Credit Administration shall designate an agent at its principal office to accept service of process.

"(14) Require surety bonds or other provisions for protection of the assets of the institutions of the System against losses occasioned by employees.".

Delegations

Sec. 202. (a) Section 5.19 of the Farm Credit Act of 1971 is repealed.

(b) Part B of title V of the Farm Credit Act of 1971 is further amended by inserting, after section 5.17, as added by section 201 of this title, the following:

"Sec. 5.18. Prior Delegations.--Any delegations by the Farm Credit Administration and redelegations thereof made in accordance with section 5.19 of the Farm Credit Act of 1971 as in effect prior to the effective date of the Farm Credit Amendments Act of 1985 may continue in full force and effect, at the discretion of the Farm Credit Administration, for the period ending twelve months after the date of enactment of such Act.".

Farm credit administration examinations; conforming amendment

Sec. 203. (a) Section 5.20 of the Farm Credit Act of 1971 is redesignated as section 5.19 and amended to read as follows:

''Sec. 5.19. Examinations.--(a) Each institution of the System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Board may determine, but in no event less than once each year. Such examinations shall include, but are not limited to, an analysis of credit and collateral quality and capitalization of the institution, and appraisals of the effectiveness of the institution's management and application of policies governing the carrying out of this Act and regulations of the Farm Credit Administration and servicing all eligible borrowers. At the direction of the Chairman of the Board, Farm Credit Administration examiners also shall make examinations of the condition of any organization, other than national banks, to, for, or with which any institution of the System contemplates making a loan or discounting paper. For the purposes of this Act, examiners of the Farm Credit Administration shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act, the Federal Reserve Act, and Federal Deposit Insurance Act, and other provisions of law and shall have the same powers and privileges as are vested in such examiners by law.

''(b) Each institution of the System shall make and publish an annual report of condition as prescribed by the Farm Credit Administration. Each such report shall contain financial statements prepared in accordance with generally accepted accounting principles and contain such additional information as the Farm Credit Administration by regulation may require. Such financial statements of System institutions shall be audited by an independent public accountant.

''(c) The Farm Credit Administration may publish the report of examination of any System institution that does not, before the end of the 120th day after the date of notification of the recommendations and suggestions of the Farm Credit Administration, based on such examination, comply with such recommendations and suggestions to the satisfaction of the Farm Credit Administration. The Farm Credit Administration shall give notice of intention to publish in the event of such noncompliance at least 90 days before such publication. Such notice of intention may be given any time after such notification of recommendations and suggestions.

''(d) For purposes of this section, institutions of the System shall include the Capital Corporation.''.

(b) Sections 5.21, 5.22, 5.23, 5.24, and 5.25 of the Farm Credit Act of 1971 are redesignated as sections 5.20, 5.21, 5.22, 5.23, and 5.24, respectively.

Enforcement powers

Sec. 204. Title V of the Farm Credit Act of 1971 is amended by inserting after section 5.24, as so redesignated by section 203(b), the following:

''PART C--ENFORCEMENT POWERS OF FARM CREDIT ADMINISTRATION

''Sec. 5.25. Cease and Desist Proceedings.--(a) If, in the opinion of the Farm Credit Administration, any institution in the Farm Credit System, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such an institution is engaging or has engaged, or the Farm Credit Administration has reasonable cause to believe that the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution is about to engage, in an unsafe or unsound practice in conducting the business of such institution, or is violating or has violated, or the Farm Credit Administration has reasonable cause to believe that the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Farm Credit administration in connection with the granting of any application or other request by the institution or any written agreement entered into with the Farm Credit Administration, the Farm Credit Administration may issue and serve upon the institution or such director, officer, employee, agent, or other person a notice of charges in respect thereof. The notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices, and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist therefrom should issue against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Farm Credit Administration at the request of any party so served. Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, they shall be deemed to have consented to the issuance of the cease and desist order. In the event of such consent, or if upon the record made at any such hearing, the Farm Credit Administration shall find that any violation or unsafe or unsound practice specified in the n otice of charges has been established, the Farm Credit Administration may issue and serve upon the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice. Such order may, by provisions which may be manadatory or otherwise, require the institution or its directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to cease and desist from the same, and, further, to take affirmative action to correct the conditions resulting from any such violation or practice.

''(b) A cease and desist order shall become effective at the expiration of thirty days after the service of such order upon the institution or other person concerned (except in the case of a cease and desist order issued upon consent, which shall become effective at the time specified therein), and shall remain effective and enforceable as provided therein except to such extent as it is stayed, modified, terminated, or set aside by action of the Farm Credit Administration or a reviewing court.

''Sec. 5.26. Temporary Cease and Desist Orders.--(a) Whenever the Farm Credit Administration shall determine that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served upon the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution under section 5.25, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the intrests of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted under sectin 5.25, the Farm Credit Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person to cease and desist from any such violation or practice and to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings. Such order shall become effective upon service upon the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution and, unless set aside, limited, or suspended by a court in proceedings authorized by subsection (b), shall remain effective and enforceable pending the completion of the administrative proceedings pursuant to such notice and until such time as the Farm Credit Administration shall dismiss the charges specified in such notice, or if a cease and desist order is issued against the institution or such director, officer, employee, agent, or other person, until effective date of such order.

''(b) Within ten days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease and desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the home office of the institution is located, or the United States district court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the institution or such director, officer, employee, agent, or other person under section 5.25, and such court shall have jurisdiction to issue such injunction.

''Sec. 5.27.Enforcement of Temporary Cease and Desist Orders.--In the case of violation or threatened violation of, or failure to obey, a temporary cease and desist order issued under section 5.26, the Farm Credit Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the home office of the institution is located, for an injunction to enforce such order, and, if the court shall determine that there has been such violation or threatened violation or failure to obey, it shall be the duty of the court to issue such injunction.

''Sec. 5.28.Suspension or Removal of Director or Officer.--Whenever, in the opinion of the Farm Credit Administration, any director or officer of any institution in the Farm Credit System has committed any violation of law, rule, or regulation or of a cease and desist order which has become final, or has engaged or participated in any unsafe or unsound practice in connection with the institution, or has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such director or officer, and the Farm Credit Administration determines that the institution has suffered or will probably suffer substantial financial loss or other damage or that the interests of its shareholders or investors in Farm Credit system obligations could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty, or tha the director or officer has received financial gain by reason of such violation or practice or breach of fiduciary duty, and that such violation or practice or breach of fiduciary duty is one involving personal dishonesty on the part of such director or officer, or one which demonstrates a willful or continuing disregard for the safety or soundness of the System institution, the Farm Credit Administration may serve upon such director or officer a written notice of its intention to remove him from office.

''(b) Whenever, in the opinion of the Farm Credit Administration, any director or officer of an institution in the Farm Credit System, by conduct or practice with respect to another institution in the Farm Credit System or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or a willful or continuing disregard for its safety and soundness and, in addition, has evidenced his unfitness to continue as a director or officer, and whenever, in the opinion of the Farm Credit Administration, any other person participating in the conduct of the affairs of an institution in the Farm Credit System, by the conduct or practice with respect to such institution or other institution in the Farm Credit System or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or a willful or continuing disregard for its safety and soundness and, in addition, has evidenced his unfitness to participate in the conduct of the affairs of such institution, the Farm Credit Administration may serve upon such director, officer, or other person a written notice of its intention to remove him from office or to prohibit his further participation in any manner in the conduct of the

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affairs of the institution.

"(c) In respect to any director or officer of an institution in the Farm Credit System or any other person referred to in subsection (a) or (b) of this section, the Farm Credit Administration may, if it deems it necessary for the protection of the institution or the interests of its shareholders and the investors in the Farm Credit System obligations, by written notice to such effect served upon such director, officer, or other person, suspend him from office or prohibit him from further participation in any manner in the conduct of the affairs of the institution. Such suspension or prohibition shall become effective upon service of such notice and, unless stayed by a court in proceedings authorized by subsection (e) of this section, shall remain in effect pending the completion of the administrative proceedings pursuant to the notice served under subsection (a) or (b) and until such time as the Farm Credit Administration shall dismiss the charges specified in such notice, or, if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of any such order. Copies of any such notice shall also be served upon the institution of which he is a director or officer or in the conduct of whose affairs he has participated.

"(d) A notice of intention to remove a director, officer, or other person from office or to prohibit his participation in the conduct of the affairs of an institution in the Farm Credit System, shall contain a statement of the facts constituting grounds therefor, and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after the date of service of such notice, unless an earlier or a later date is set by the Farm Credit Administration at the request of (1) such director or officer or other person, and for good cause shown, or (2) the Attorney General of the United States. Unless such director, officer, or other person shall appear at the hearing in person or by a duly authorized representative, he shall be deemed to have consented to the issuance of an order of such removal or prohibition. In the event of such consent, or if upon the record made at any such hearing the Farm Credit Administration shall find that any of the grounds specified in such notice have been established, the Farm Credit Administration may issue such orders of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as it may deem appropriate. A copy of an order issued under this subsection shall be served upon the institution concerned. Any such order shal become effective at the expiratio of thirty days after service upon such institution and the director, office, or other person concerned (except in the case of an order issued upon consent, which shall become effective at the time specified therein). Such order shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

''(e) Within ten days after any director, officer, or other person has been suspended from office and/or prohibited from participation in the conduct of the affairs of a System institution under subsection (d)(3) of this section, such director, officer, or other person may apply to the United States district court for the judicial district in which the home office of the institution is locaed, or the United States district court for the District of Columbia, for a stay of either such suspension or prohibition, or both, pending the completion of the administrative proceedings pursuant to the notice served upon such director, officer, or other person under subsection (a) or (b), and such court shall have jurisdiction to stay either such suspension or prohibition, or both.

''Sec. 5.29. Suspension or Removal of Director or Officer Charged With Felony.--(a) Whenever any director or officer of an institution in the Farm Credit System, or other person participating in the conduct of the affairs of such institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust which is punishable by imprisonment for a term exceeding one year under State or Federal law, the Farm Credit Administration may, if continued service or participation by the individual may pose a threat of the interest of the institution's shareholders or the investors in the Farm Credit System obligations or may threaten to impair public confidence in the institution or Farm Credit System, by written notice served upon such directorck officer, or other person, suspend him from office or prohibit him from further participation in any manner in the conduct of the affairs of the institution. A copy of such notice shall also be served upon the institution. Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Farm Credit Administration. In the event that a judgment of conviction with respect to such crime is entered against such director, office, or other person, and at such time as such judgment is not subject to further appellate review, the Farm Credit Administration may, if continued service or participation by the individual may pose a threat to the interests of the institution's shareholders or the investors in Farm Credit System obligations or may threaten to impair public confidence in the institution or the Farm Credit System, issue and serve upon such director, officer, or other person an order removing him from office or prohibiting him from further participation in any manner in the conduct of the affairs of the institution except with the consent of the Farm Credit Administration. A copy of such order shall also be served upon such institution, whereupon such director or officer shall cease to be a director or officer of such institution. A finding of not guilty or other disposition of the charge shall not preclude the Farm Credit Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in Farm Credit System affairs, pursuant to paragraph (1), (2), or (3) of subsection (a) of this section. Any notice of suspension or order of removal issued under this paragraph shall remain effective and outstanding until the completion of any hearing or appeal authorized under paragraph (3) hereof unless terminated by the Farm Credit Administration.

"(b) Within thirty days from service of any notice of suspension or order of removal issued under subsection (a), the director, officer, or other person concerned may request in writing an opportunity to appear before the Farm Credit Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interest in Farm Credit System obligations. Upon receipt of any such request, the Farm Credit Administration shall fix a time (not more than thirty days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration or designated employees of the Farm Credit Administration to submit written materials (or, at the discretion of the Farm Credit Administration, oral testimony) and oral argument. Within sixty days of such hearing, the Farm Credit Administration shall notify the director, officer, or other person whether the suspension or prohibition from participation in any manner in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing said director, officer or other person from office or prohibiting such individual from further participation in any manner in the conduct of the affairs of the institution will be rescinded or otherwise modified. Such notification shall contain a statement of the basis for the Farm Credit Administration's decision, if adverse to the director, officer or other person. The Farm Credit Administration is authorized to prescribe such rules as may be necessry to effectuate the purposes of this subsection.

''Sec. 5.30. Hearings and Judicial Review.--(a) Any hearing provided for in this part (other than the hearing provided for in section 5.29) shall be held in the Federal judicial district or in the territory in which the home office of the institution is located unless the party afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. Such hearing shall be private, unless the Farm Credit Administration, in its discretion, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest. After such hearing, and within ninety days after the Farm Credit Administration has notified the parties that the case has been submitted to it for final decision, it shall render its decision (which shall include findings of fact upon which its decision is predicated) and shall issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this part. Judicial review of any such order shall be exclusively as provided in this subsection (g). Unless a petition for review is timely filed in a court of appeals of the United States, as hereinafter provided in subsection (b), and thereafter until the record in the proceeding has been filed as so provided, the Farm Credit Administration may at any time, upon such notice and in such manner as it shall deem proper, modify, terminate, or set aside any such order. Upon such filing of the record, the Farm Credit Administration may modify, terminate, or set aside any such order with permission of the court.

''(b) Any party to the proceeding, or any person required by an order issued under this part to cease and desist from any of the violations or practices stated therein, may obtain a review of any order served under subsection (a) (other than an order issued with the consent of the System institution or the director or officer or other person concerned, or an order issued under section 5.29 by the filing in the court of appeals of the United States for the circuit in which the home office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the Farm Credit Administration be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Farm Credit Administration, and thereupon the Farm Credit Administration, and thereupon the Farm Credit Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28 of the United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall except as provided in the last sentence of said paragraph (1) be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the agency. Review of such proceedings shall be had as provided in chapter 7 of title 5 of the United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28 of the United States Code.

''(c) The commencement of proceedings for judicial review under subsection (b) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Farm Credit Administration.

''Sec. 5.31. Jurisdiction and Enforcement.--The Farm Credit Administration may in its discretion apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the home office of the institution is located, for the enforcement of any effective and outstanding notice or order issued under this part, and such courts shall have jurisdiction and power to order and require compliance herewith; but except as otherwise provided in this part no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part, or to review, modify, suspend, terminate, or set aside any such notice or order.

''Sec. 5.32. Penalty..--(a) Any institution in the System which violates or any officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates the terms of any order which has become final and was issued under section 5.25 or 5.26 of this Act, shall forfeit and pay a civil penalty of not more than $1,000 per dya for each day during which such violation continues: Provided, That the Farm Credit Administration may, in its discretion, compromise, modify, or remit any civil money penalty which is subject to imposition or has been imposed under such authority. The penalty may be assessed and collected by the Farm Credit Administration by written notice.

"(b) In determining the amount of the penalty, the Farm Credit Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the System institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as justice may require.

"(c) The System institution or person assessed shall be afforded an opportunity for a hearing by the Farm Credit Administration, upon request made within ten days after issuance of the notice of assessment. In such hearing all issues shall be determined on the record pursuant to section 554 of title 5 of the United States Code. The Farm Credit Administration determination shall be made by final order which may be reviewed only as provided in subsection (d). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

''(d) Any System institution or person against whom an order imposing a civil money penalty has been entered after a Farm Credit Administration hearing under this section may obtain review by the United States court of appeals for the circuit in which the home office of the System institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within twenty days from the service of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Farm Crdit Administration. The Farm Credit Administration shall promptly certify and file in such Court the record upon which the penalty was imposed, as provided in section 2112 of title 28 o the United Staes Code. The findings of the Farm Credit Administration shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(E) of title 5 of the United States Code.

''(e) If any System institution or person fails to pay an assessment after it has become a final and unappealable order, or after the court of appeals has entered final judgment in favor of the Farm Credit Administration, the Farm Credit Aministration shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

''(f) The Farm Credit Administration shall promulgate regulations establishing procedures necessary to implement this paragraph.

''(g) All penalties collected under authority of this section shall becovered into the Treasury of the United States.

''Sec. 5.33.Further Penalties.--Any director or officer, or former director or officer of a System institution, or any other person, against whom there is outstanding and effective any notice or order (which is an order which has become final) served upon such director, officer, or other person under section 5.28 or 5.29 of this Act, and who (1) participates in any manner in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution, or (2) without the prior written approval of the Farm Credit Administraiton, votes for a director, serves or acts as a director, officer, or employee of any System institution, shall uponconviction be fined not more than $5,000 or imprisoned for not mor than one year, or both.

''Sec. 5.34. Replacement of Suspended or Removed Directors..--If at any time, because of the suspension or removal of one or more directors pursuant to section 5.28 or 5.29 of this Act, there shall be on the board of directors of a System institution less than a quorum of directors not so suspended, the Chairman shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum until such time as those who have been removed are reinstated or their respective successors are duly elected and take office.

''Sec 5.35. Definitions.--As used in this part--

''(1) the terms 'cease and desist order which has become final' and 'order which has become final' mean a cease and desist order, or an order, issued by the Farm Credit Administration with the consent of the System institution or the director or officer or other person concerned, or with respect to which no petition for review of the action of the Farm Credit administration has been filed and perfected in a court of appeals as specified in section 5.30(b) of this Act, or with respect to which the action of the court in which said petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for in section 5.30(b) of this Act, or an order issued under section 5.29 of this Act;

''(2) the term 'violation' includes without limitation any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding or abetting a violation;

''(3) the terms 'institution in the System', 'System institution', and 'institution' mean all institutions enumerated in section 1.2 of this Act, any service organization chartered under part D of title IV of this Act, and the Farm Credit System Capital Corporation chartered under part D1 of title IV of this Act; and

''(4) the term 'unsafe or unsound practice' shall have the meaning given to it by the Farm Credit Administraiton by regulations, rule, or order.

''Sec. 5.36. Notice of Service..--Any service required or authorized to be made by the Farm Credit Administration under this section may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Farm Credit Administration may by regulation or otherwise provide. Any such service by mail is complete upon mailing. Copies of any notice or order served by the Farm Credit Administration on any association or any director or officer thereof or other person participating in the conduct of its affairs, under the provisions of this part, shall also be sent to the supervisory bank.

''Sec. 5.37. Ancillary Provisions; Subpena Power; Etc.--In the course of or in connection with any proceeding under this part or any examination or investigation under this Act, the Farm Credit Administration or any designated representative thereof, including any person designated to conduct any hearing under this part, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpenas and subpenas duces tecum; and the Farm Credit Administration is empowered to make rules and regulations with respect to any such proceedings, claims, examinations, or investigations. The attendance of witnesses and the productin of documents provided for in this section may be required from any place in any state or in any territory or other place subject to the jurisdiction of the United Staes at any designated place where such proceeding is being conducted. The Farm Credit Administration or any party to proceedings under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpena or subpena duces tecum issued pursuant to this part, and such courts shall have jurisdiction and power to order and require compliance therewith. Witnesses subpenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United Staets. Any court having jurisdiction of any proceeding instituted under this part by a System institution or a director or officer thereof, may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper; and such expenses and fees shall be paid by the System institution or from its assets. Any person who willfully shall fail or refuse to attend or testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if in such person's power so to do, in obedience to the subpena of the Farm Credit Administration, shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than one year or both.''.

Technical and conforming amendments

Sec. 205. (a)(1) Title V of the Farm Credit Act of 1971 is further amended by inserting after section 5.36, as added by section 204, the following heading:

''Part D--Miscellaneous''.

(2) Sections 5.26, 5.27, 5.28, 5.29, and 5.30 of the Farm Credit Act of 1971 are redesignated as sections 5.40, 5.41, 5.42, 5.43, and 5.44, respectively.

(b) Section 2.15 of the Farm Credit Act of 1971 is amended by--

(1) in the first sentence of subsection (a)--

(A) striking out ''rules and regulations'' and inserting in lieu thereof ''standards''; and

(B) striking out ''and approved by the Farm Credit Administration'';

(2) in the first sentence of subsection (b)--

(A) striking out ''regulations'' and inserting in lieu thereof ''standards''; and

(B) striking out ''with the approval of the Farm Credit Administration as provided in'' and inserting in lieu thereof ''subject to the provisions of''; and

(3) in the last sentence of subsection (b)--

(A) striking out ''regulations'' and inserting in lieu thereof ''standards''; and

(B) striking out ''or of Farm Credit Administration''.

(c) Section 1.2 of the Farm Credit Act of 1971 is amended by striking out ''supervision of'' and inserting ''regulation by'' in lieu thereof.

(d) Title I of the Farm Credit Act of 1971 is amended by--

(1) in section 1.4--

(A) striking out ''supervision of'' in the matter preceding paragraph (1) and inserting in lieu thereof ''regulation by'';

(B) in paragraph (17), striking out ''vested in or delegated to the bank'';

(C) striking out paragraph (19); and

(D) redesignating paragraphs (20), (21), (22), and (23) as paragraphs (19), (20), (21), and (22), respectively;

(2) in section 1.5(d), striking out ''to the Governor of the Farm Credit Administration,'';

(3) in section 1.5(e)--

(A) striking out the first sentence; and

(B) striking out ''other'' in the second sentence;

(4) in section 1.13--

(A) striking out ''governor'' in the section heading and inserting in lieu thereof ''farm credit administration'';

(B) striking out ''the Governor of'' in the seventh sentence;

(C) striking out ''Governor'' each place that word appears in the eighth, ninth, and tenth sentences and inserting in lieu thereof ''Farm Credit Administration''; and

(D) striking out ''him'' and ''he'' in the tenth sentence and inserting in lieu thereof, in both instances, ''the Farm Credit Administration'';

(5) in section 1.15--

(A) inserting ``the regulation'' before ``of the Farm Credit Administration'' in the matter preceding paragraph (1); and

(B) striking out ``or delegated to'' in paragraph (12);

(6) in section 1.17(b)--

(A) striking out paragraph (2); and

(B) redesignating paragraph (3) as paragraph (2); and

(7) in section 1.20, striking out ``the Governor of the Farm Credit Administration''.

(e) Title II of the Farm Credit Act of 1971 is amended by--

(1) in section 2.1--

(A) striking out ``the supervision of'' in the matter preceding paragraph (1) and inserting in lieu thereof ``regulation by'';

(B) striking out ``vested in or delegated to the intermediate credit bank'' in paragraph (14); and

(C) striking out paragraph (21);

(2) in the first sentence of section 2.2(d), striking out ``the Governor of the Farm Credit Administration, and may'';

(3) in section 2.2(f)--

(A) striking out ``Dividends'' and all that follows through ``noncumulative'' and inserting ``Noncumulative'' in lieu thereof in the first sentence; and

(B) striking out ``When the Governor of the Farm Credit Administration holds no stock in the bank,'' in the second sentence;

(4) in section 2.2(g), striking out ``After all stock held'' and all that follows through ``other stock'' and inserting in lieu thereof ``The bank may retire stock'';

(5) in section 2.2(h), striking out ``Governor'' and inserting in lieu thereof ``Farm Credit Administration'';

(6) in the first sentence of section 2.3(c)--

(A) striking out ``(a)(1) and (2)'' and inserting in lieu thereof ``(a)(2)''; and

(B) striking out ``(in the case of financing institutions under subsection (a)(2) of this section)'';

(7) striking out subsections (a) and (b) of section 2.6;

(8) in section 2.6(c), by striking ot ``If, at'' and all that follows through ``the net earnings of such bank'' and inserting in lieu thereof ``At the end of each fiscal year, the net earnings of each Federal intermediate credit bank'';

(9) in the first sentence of section 2.7, striking

out '', of all the stock held by the Governor of the Farm Credit Administration at par; third'';

(10) in section 2.10--

(A) striking out ''the Governor of'' in the sixth sentence;

(B) striking out ''Governor'' in the seventh sentence and inserting in lieu thereof ''Farm Credit Administration'';

(C) striking out ''Governor'' in the eighth sentence and inserting in lieu thereof ''Farm Credit Administration''; and

(D) in the ninth sentence--

(i) striking out ''Governor'' and inserting in lieu thereof ''Farm Credit Administration''; and

(ii) striking out ''him'' and ''he'' and inserting in lieu thereof in both places ''Farm Credit Administration'';

(11) in section 2.12--

(A) in the matter preceding paragraph (1), inserting ''regulation by'' before ''the Farm Credit Administration''; and

(B) striking out ''or the Farm Credit Administration'' in paragraph (19);

(12) in section 2.13(c), striking out ''the Governor

of the Farm Credit Administration and'';

(13) in section 2.13(d)--

(A) by striking out ''to theGovernor and''; and

(B) by striking out '', except that all'' and all that follows through ''voting hereunder''.

(14) in section 2.13(j), striking out ''the Governor or''; and

(15) in section 2.14(b), striking out '', except that when the Governor'' and all that follows through ''Administration''.

(e) Title III of the Farm Credit Act of 1971 is amended by--

(1) in section 3.1--

(A) in the matter preceding paragraph (1), striking out ''supervision'' and inserting in lieu thereof ''regulation'';

(B) in paragraph (13)(A), inserting ''under regulations issued'' after ''authorized'';

(C) striking out paragraph (16); and

(D) redesignating paragraphs (17), (18), and (19) as paragraphs (16), (17), and (18), respectively;

(2) in section 3.2(a), striking out ''Governor with the advice and consent of the Federal Farm Credit Board''; and inserting in lieu thereof ''Farm Credit Administration'';

(3) in section 3.3(d), inserting ''under regulations issued by'' after ''authorized'';

(4) in section 3.3(e), striking out '', except for stock held by the Governor,''.

(5) in section 3.4, striking out ''the Governor of'';

(6) in section 3.5--

(A) striking out the first sentence and all that follows through ''nonvoting'' in the second sentence and inserting ''Nonvoting'' in lieu thereof; and

(B) in the third sentence, striking out ''When the requirements of section 4.3(b) have been met, voting'' inserting in lieu thereof ''Voting'';

(7) striking out subsection (a) of section 3.11;

(8) in section 3.11--

(A) in subsection (b), by striking out ''Whenever'' and all that follows through ''Administration, the net'' and inserting in lieu thereof ''At the end of each fiscal year, the net''; and

(B) in each of subsections (c) and (d), by striking out ''subsections (a) or (b)'' and inserting ''subsection (b)'' in lieu thereof;

(9) in section 3.12--

(A) by striking out '', any stock held by the Governor of the Farm Credit Administration at par'';

and

(B) by striking out ''stock held by the Governor of the Farm Credit Administration,''; and

(10) in section 3.13, by striking out the last sentence.

(f) Title IV of the Farm Credit Act of 1971 is further amended by--

(1) in section 4.2--

(A) in the matter preceding subsection (a), striking out ''supervision of'' and inserting in lieu thereof ''regulation by'';

(B) in subsection (b)--

(i) striking out ''4.3(b)'' and inserting in lieu thereof ''4.3(c)''; and

(ii) striking out ''Governor'' and inserting in lieu thereof ''Farm Credit Administration'';

(C) in subsection (c), striking out ''Governor'' and inserting in lieu thereof ''Farm Credit Administration''; and

(D) in subsection (d)--

(i) striking out ''Governor'' in the first sentence and inserting in lieu thereof ''Farm Credit Administration''; and

(ii) in the second sentence, striking out ''Governor'' each place it appears and inserting in lieu thereof ''Farm Credit Administration'';

(2) in section 4.4(b)--

(A) striking out ''Governor to execute'' in the first sentence and inserting in lieu thereof ''execution of''; and

(B) striking out ''by the Governor'' in the second sentence;

(3) in section 4.5, striking out ''Governor'' in the fourth sentence and inserting in lieu thereof ''Farm Credit Administration'';

(4) in the second sentence of section 4.11, striking out ''Governor with the advice and consent of the Federal Farm Credit Board'' and inserting in lieu thereof ''Farm Credit Administration'';

(5) in section 4.12(a), striking out ''Federal Farm Credit Board'' in the third sentence and inserting in lieu thereof ''Farm Credit Administration'';

(6) in the first sentence of section 4.17, inserting '', as provided in section 5.17(a)(5) of this Act,'' after ''with the approval of'';

(7) in section 4.18, inserting ''under regulations issued'' after ''authorized'';

(8) in section 4.25--

(A) striking out ''the Governor of'' in the second sentence;

(B) striking out ''Governor'' in the third sentence and inserting in lieu thereof ''Farm Credit Administration''; and

(C) striking out ''Governor'' in the fourth sentence and inserting in lieu thereof ''Farm Credit Administration'';

(9) in section 4.26--

(A) striking out ''governor'' in the section heading and inserting in lieu thereof ''farm credit administration'';

(B) striking out ''Governor'' wherever that word appears in the text and inserting in lieu thereof ''Farm Credit Administration'';

(C) striking out ''he'' in the first sentence and inserting in lieu thereof ''the Farm Credit Administration''; and

(10) in section 4.27, striking out ''supervision'' and inserting in lieu thereof ''regulation''.

(g) Title V of the Farm Credit Act of 1971 is further amended by--

(1) in section 5.0--

(A) striking out ''Federal Farm Credit Board'' in the first and second sentences and inserting in lieu thereof ''Farm Credit Administration''; and

(B) striking out ''5.18(2)'' in the third sentence and inserting in lieu thereof ''5.17(2)'';

(2) in section 5.1(b), striking out ''Federal Farm Credit Board'' and inserting in lieu thereof ''Farm Credit Administration Board'';

(3) in section 5.2(a), striking out ''Governor with the advice and consent of the Federal Farm Credit Board'' and inserting in lieu thereof ''Farm Credit Administration Board'';

(4) in section 5.2(d), striking out ''sections 5.1 and 5.2'' and inserting in lieu thereof ''section 5.1 and this section'';

(5) in section 5.6(a), striking out ''supervision of'' in paragraph (5) and inserting in lieu thereof ''regulation by''; and

(6) in section 5.15(b), as so redesignated by section 201(5)--

(A) striking out ''said Administration'' both places that phrase appears in the first sentence and inserting in lieu thereof ''the Farm Credit Administration''; and

(B) striking out ''the Administration'' and ''such Administration'' in the second sentence and inserting in lieu thereof ''the Farm Credit Administration''.

TITLE III--PROTECTION FOR FARMERS AND OTHER FARM CREDIT

SYSTEM BORROWERS

Disclosure and access to information

Sec. 301. (a) Section 4.13 of the Farm Credit Act of 1971 is redesignated as section 4.13B.

(b) The Farm Credit Act of 1971 is amended by inserting before section 4.13B, as so redesignated by subsection (a), the following:

''Sec. 4.13. Disclosure.--(a) In accordance with regulations of the Farm Credit Administration, System institutions shall provide to their borrowers, for all loans that are not subject to the Truth in Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of the following:

''(1) the current rate of interest on the loan;

''(2) in the case of an adjustable or variable rate loan, the amount and frequency by which the interest rate can be increased during the term of the loan or, if there are no such limitations, a statement to that effect, and the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by the lending institution in determining adjustments to the interest rate;

''(3) the effect, as shown by a representative example or examples, of the required purchase of stock or participation certificates in the institution on the effective rate of interest; and

''(4) any change in the interest rate applicable to the borrower's loan.

''(b) In accordance with regulations of the Farm Credit Administration, System institutions shall develop a policy governing forbearance. Each System institution shall provide borrowers with a copy of the institution's policy regarding forbearance at such time or times as the Farm Credit Administration shall prescribe in such regulations.

''Sec. 4.13A. Access to Documents and Information.--In accordance with regulations of the Farm Credit Administation, System institutions shall provide their borrowers, at the time of execution of loans, copies of all documents signed by the borrower and at any time thereafter, on a borrower's request, copies of all documents signed or delivered by the borrower and at any time, on request, a copy of the institution's articles of incorporation or charter and bylaws.''.

Notice on applications

Sec. 302. Section 4.13B of the Farm Credit Act of 1971, as so redesignated by section 301(a), is amended by (1) inserting ''written'' before ''notice'' and (2) inserting, before the period at the end thereof, the following: '', and of the applicant's right to review under section 4.14''.

Reconsideration

Sec. 303. Section 4.14 of the Farm Credit Act of 1971 is amended to read as follows:

''Sec. 4.14. Reconsideration of Action on Loan Application.--The board of directors of each Farm Credit System institution shall establish a credit review committee. Any loan applicant who has received written notice, under section 4.13, of a decision to deny or reduce the loan applied for, if the applicant so requests in writing within thirty days after receiving such notice, may obtain a review of such decision in person before the credit review committee. Promptly after any such review, the applicant shall be notifed in writing of the credit review committee's decision and the reasons therefor.''.

Notice with respect to stockholders on loan default

Sec. 304. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: ''and on written notice to the stockholder''.

(b) Section 2.13(k) of the Farm Credit Act of 1971 is amended by inserting, before the period at the end thereof, the following: '', on written notice to the borrower and approval by the bank of such retirement''.

Minimizing the adverse affect on borrowers of system institution insolvency

Sec. 305. (a) Section 4.12(a) of the Farm Credit Act of 1971 is amended by inserting, immediately after the first sentence, the following: ''In the case of a voluntary liquidation of an association, such regulations, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.''.

(b) Section 4.12 of the Farm Credit Act of 1971 is amended by inserting after the subsection (b) added by section 102, the following:

''(c) In the case of an involuntary liquidation of an association, regulations of the Farm Credit Administration, among other things, shall direct the supervising bank to institute such measures as it deems appropriate to minimize the adverse effect of the liquidation on those borrowers whose loans are purchased by or otherwise transferred to another System institution.''.

Mineral rights limitation

Sec. 306. The Farm Credit Act of 1971 is amended by inserting the following:

''Part F--Miscellaneous

''Sec. 4.35. Limitation on Separate Sale.--If real property is acquired by any institution of the Farm Credit

System through foreclosure, no institution of the Farm Credit System shall sell the surface rights to that real property to any person unless the institution also sells all mineral rights to that real property to that person.''.

TITLE IV--IMPLEMENTATION PROCEDURES

Effective date

Sec. 401. The provisions of titles I through III of this Act shall become effective thirty days after enactment.

Interim implementation

Sec. 402. (a) Until the Chairman of the Farm Credit Administration Board provided for under the amendment made by section 201(1) of this Act is appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the Chairman prescribed for the Chairman by this Act.

(b)(1) Except as provided in paragraph (2), until at least ~~three~~ members of the Farm Credit Administration Board provided under the amendment made by section 201(1) of this Act are appointed by the President and confirmed by the Senate, the Governor of the Farm Credit Administration, under the Farm Credit Act of 1971 as in effect on the date of enactment of this Act, shall perform the functions of the Farm Credit Administration Board prescribed for such Board by this Act:

(2) When the Chairman of such Board is so appointed and confirmed, the Chairman shall assume any responsibilities and powers of the Board being exercised by the Governor under this subsection.

(c) All regulations of the Farm Credit Administration or the institutions of the system, and all charters, bylaws, resolutions, stock classifications, and policy directives issued or approved by the Farm Credit Administration, and all elections held and appointments made under the Farm Credit Act of 1971, before the date of enactment of this Act, shall be continuing and remain valid until superseded, modified, or replaced under the authority of this Act.

Sense of congress

Sec. 403. It is the sense of Congress that the pressing needs of the Farm Credit System and the United States agricultural industry require the implementation of this Act as soon as practicable, and that the President should ensure that the members of the Farm Credit Administration Board constituted under section 201(1) are appointed not later than thirty days after enactment of this Act.

TITLE V--NATIONAL COMMISSION ON AGRICULTURAL FINANCE

Sec. 501. (a) The President of the United States shall appoint a National Commission on Agricultural Finance. Such Commission shall be comprised of 15 members--

(1) of whom 7 shall be appointed by the President and 4 each by the Speaker of the House of Representatives and the President pro tempore of the Senate; and

(2) would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adequate credit to agricultural producers and agribusiness, taking into account the long-term financing needs of the agricultural economy; the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Finance shall--

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit;

(2) evaluate the structure, performance, and conduct of private lenders--commercial bankers and the Farm Credit System--and public lenders;

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets; and

(4) evaluate the impact on suppliers, producers, processors and local communities when financial institutions fail.

(d) Not later than one year after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarily self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to Congress.

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission.

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adopted 8v 9 (24)

~~Amendment to H.R. 3792, As Introduced~~

~~Offered by~~ Coleman

~~Page 68, after line 12, insert the following new title (redesignating the subsequent title and sections) and insert the following:~~

VI) TITLE IV--MISCELLANEOUS AMENDMENTS

6) Sec. 401. Section 1.5 of the Farm Credit Act of 1971 is amended by adding at the end the following:

"(n) Nothing in this section limits the power of the Farm Credit Administration to provide general direction to Federal land banks with regard to the payment of dividends and patronage refunds.".

Sec. 402. Subsection (a) of section 1.17 of the Farm Credit Act of 1971 is amended to read as follows:

"(a) Federal land banks shall be required to carry a reserve account. Such reserve account shall be kept in accordance with standards set by the Farm Credit Administration.".

6) Sec. 403. Section 1.10 of the Farm Credit Act of 1971 is amended by--

(1) amending subsection (a) to read as follows:

"(a) Federal land bank associations shall be required to carry a reserve account. Such reserve account shall be kept

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in accordance with standards set by the Farm Credit Administration.''; and,

(2) adding at the end of subsection (b) the following: '' Nothing in this subsection limits the power of the Farm Credit Administration to provide general direction to Federal land bank associations with regard to the payment of dividends and patronage refunds.'.

Sec. 484. Subsection (f) of section 2.2 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following: ''Federal intermediate credit banks shall be subject to the general direction of the Farm Credit Administration with regard to the payment dividends.''.

5) Sec. 485. Section 2.14 of the Farm Credit Act of 1971 is amended by--

~~(1) amending subsection (a) to read as follows:~~

~~''(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of operating expenses first to the restoration of the impairment, if any, of capital; and second, to the establishment and maintenance of the surplus accounts, in accordance with standards set forth by the Farm Credit Administration.'';~~

by striking out the provisions in subsection (a) '(including provision for valuation reserves against loan assets in an amount equal to one-half of 1 per centum of the loans outstanding at the end of the fiscal year to the extent that earnings in such year in excess of other operating expenses permit, or in such greater amounts as are deemed necessary under generally accepted accounting principles, until such reserves equal or exceed 3½ per centum of the loans outstanding at the end of the fiscal year, beyond which 3½ per centum further additions to such reserves are not required but may be made)'."

(2)(A) in the first sentence of subsection (b), striking out ''so provide,'' and inserting in lieu thereof 'so provide and subject to the general directions of the Farm Credit Administration,'; and

(B) in the second sentence of subsection (c), striking out ''Any'' and inserting in lieu thereof ''In accordance with the foregoing, any'.

Sec. 406. Section 3.4 of the Farm Credit Act of 1971 is amended by adding at the end thereof the following: '', subject to the general direction of the Farm Credit Administration''.

SUMMARY

99TH CONGRESS
1ST SESSION

H. R. 3792

To amend the Farm Credit Act of 1971, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 1985

Mr. DE LA GARZA (for himself, Mr. MADIGAN, Mr. JONES of Tennessee, and Mr. COLEMAN of Missouri) introduced the following bill; which was referred to the Committee on Agriculture

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The bill is built around three major features which would:

I -- Give the Farm Credit System (FCS) broader authority to use its own resources to shore up weak System units.

II -- Reshape the Farm Credit Administration (FCA), an independent federal agency, to make it a stronger, arm's-length regulator of the System.

III -- Provide that if the Farm Credit Administration certifies that the System needs financial aid and has made the maximum practicable effort to deal with financial stress, the Secretary of the Treasury would have discretionary power to backstop the System's finances by purchasing [redacted] obligations of a System unit called the Farm Credit System Capital Corporation.

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Major provisions of the bill include:

I - SYSTEM SELF-HELP

This portion of the bill is designed to enable the System to assist troubled individual institutions by more effectively marshalling the resources of its network of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives. To accomplish this, the bill requires the creation of a new FCS institution to be called the Farm Credit System Capital Corporation.

The FCS-CC would:

-- Provide a central source of financial assistance to individual FCS institutions. This could take the form of stock purchases, loans or contributions (made in accordance with Farm Credit Administration regulations) where a local unit could not operate without aid.

-- Serve as a System-wide "warehouse" to which System institutions could sell acquired properties and loans on which farmers had not made payments. The FCS-CC could hold, restructure, guarantee and administer the loans, and it could refinance, reamortize or otherwise adjust debts for borrowers on any such purchased loans, or eventually liquidate loans if necessary. The FCS-CC could require a troubled unit to sell "non-performing" loans to the corporation before receiving financial assistance.

-- Assist FCS institutions in restructuring, refinancing, or guaranteeing loans of their member-borrowers, or participate with those institutions in holding non-performing loans at the local level.

To finance its activities, the FCS-CC could:

-- Draw funds from other System institutions by steps including required stock purchases or assessments under guidelines set by the Farm Credit Administration. The power to draw on resources of other system units would be limited by provisions stating that (a) - The FCS-CC could not require other units to dip into the stock held by their member-borrowers as a contribution to the new central aid fund, and (b) - the FCS-CC's levies could not reach a point at which the financial viability of local institutions would be imperiled, or at which local institutions would be left unable to make credit available to borrowers on reasonable terms.

-- Receive and administer aid coming from outside the System.

The bill includes safeguards designed to assure that the FCS-CC's powers could not be used in a way that would allow the corporation to develop into a primary, nationwide supplier of credit for farmers, ranchers and cooperatives. The corporation's powers would be limited to those laid down in the bill, and the corporation's authority to take on new liabilities would expire on Dec. 31, 1990.

Other provisions affecting the FCS-CC include:

-- The corporation could join with other System institutions in issuing System-wide securities. It would be jointly liable with other System units for any principal or interest payments which an individual System bank could not make. And it could borrow money on its own responsibility from commercial banks.

-- The FCS-CC would be run by a five-member Board of Directors. Four members would be elected from the Farm Credit District boards of the contributing Banks, and the remaining member would be appointed by the Chairman of the FCA.

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II -- STRONGER INDEPENDENT REGULATION

The Farm Credit Administration (FCA), an existing federal agency which supervises FCS activities, would be reorganized and strengthened. The FCA would abandon past practices which amount to day-to-day participation in management of System activities and would become an arm's-length regulator like other similar federal agencies. It would have new powers including authority to issue cease-and-desist orders to System institutions and power to issue regulations to insure that borrowers get full information about their loans.

At present, the FCA is directed by a part-time Board which chooses a full-time Governor to run the agency. Under the new organization, however:

-- The agency would be operated by a full-time, three-member Presidentially-appointed Board serving six-year staggered terms, with one of the Board members named by the President as chairman. The chairman would be the chief executive officer of the FCA and could name members of the former part-time Farm Credit Board to one or more new advisory committees.

Powers and responsibilities of the re-shaped FCA would include:

-- Providing for regular examinations of System institutions by FCA examiners (a function handled in the past by the System itself).

-- Requiring each System institution to publish annual reports on its financial condition audited by an independent public accountant.

-- Issuing cease-and-desist orders to System institutions if the FCA finds any engaging or about to engage in unsafe or unsound practices or violating FCA regulations. FCA would have authority where necessary to issue temporary orders designed to immediately halt unsafe practices. Temporary orders would take effect immediately and remain in effect, unless suspended or limited by a court, while proceedings on permanent orders were underway.

-- Setting minimum capital levels which must be maintained by all System institutions, and providing that failure to maintain these levels would be an unsafe practice.

-- Appointing a conservator or receiver for any System institution in cases where the unit is insolvent or where its survival is threatened by unsafe or unsound practices, or where a final cease-and-desist order has been violated. Such action would be subject to court review.

-- Approving the issuance of System securities, including setting standards or criteria for interest rates paid on these securities. Similarly, the FCA could set standards or criteria for interest rates paid by System borrowers.

-- Regulating the preparation by System institutions of reports to both stockholders and investors of information on the financial condition and operations of the institutions.

-- Discretionary authority for the FCA Chairman to establish (after Jan. 1, 1991) a "Central Reserve" to be funded by assessments of one-tenth of one percent on bonds issued by the System, to be used to provide temporary financial assistance to troubled FCS institutions.

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III - BORROWER RIGHTS

Provisions of the bill aimed at borrower protection would:

-- Require System institutions to disclose to borrowers, in the case of variable rate loans, the amount or frequency of permissible rate changes and factors to be used in determining changes.

-- Require that borrowers be given written notice of action on loan applications including explanations of any denials, power to require that borrowers who are turned down be given the right to appeal, and power to require written notice of actions by System institutions to retire or cancel borrower stock.

-- Require that System institutions provide borrower-stockholders, on request, with copies of documents relating to their loans.

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IV - ADDITIONAL FEDERAL BACKUP

To protect the stability of the Farm Credit System if weakness in the farm economy stretches its own resources to the danger point, the bill provides a mechanism for discretionary backstop aid from the federal government. Under this section of the bill, the Farm Credit System would be given treatment similar to that already provided by law for other federally-chartered financial institutions.

Here is how the new FCS assistance authority would operate:

-- First, the Farm Credit Administration would have to certify that the officers of the Farm Credit System have frozen their salaries and benefits for five years, and that the System needs financial assistance and has committed its own available capital surplus and reserves to the point where a further drain on System resources would probably leave its institutions unable to serve their borrowers on reasonable terms.

-- Following this FCA certification, the Secretary of the Treasury would have authority, at his own discretion, to buy any obligations issued by the Farm Credit System Capital Corporation and to provide terms for repayment of the assistance. ~~The Secretary's holdings of FCS CC obligations would not, at any time, exceed [illegible] billion.~~

-- When the FCA makes a certification that aid is needed, the notice will go to Congress as well as to the Secretary of the Treasury. The Secretary would have 45 days to announce whether he would use his discretionary power to provide aid.

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(r85/106)

Amendment by Mr. English

Amend Section 5.17 as redesignated by H. R. 3792, on page 28, by adding at the end of subsection 5.17(2) (line 5, page 28) the following sentence:

"In issuing charters for district-wide mergers of associations where boards of directors or stockholders of one or more associations did not approve the merger, the charter of the new or merged association shall not include the territory of the disagreeing association or associations; charters issued during calendar year 1985 for district-wide new or merged associations which included the territory of a disagreeing association shall be revoked and reissued to exclude such territory; and the Farm Credit Administration shall insure that the board of directors of district banks does not discriminate against the disapproving associations in exercising its supervisory authorities."

WEAVER149

(4 December 1985)

AMENDMENT TO H.R. 3792, AS INTRODUCED

OFFERED BY MR. WEAVER OF OREGON

Page 18, line 12, after the period insert "The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts."

(1) Panetta

TITLE V COOPERATIVE FEDERAL-STATE-LENDER AGRICULTURAL LOAN INTEREST SUBSIDY (AGLIS) PROGRAM

DEFINITIONS

Sec. 501 As used in the term:

(a) "Borrower" means any individual, family corporation, or family partnership who or which derives not less than fifty percent of gross annual income from production of raw agricultural products, including livestock or poultry and the products of aquaculture, and who or which, on the date of enactment of this Act, holds from a lender a loan or loans for agricultural purposes which is sub-standard.

(b) "Lender" means any commercial bank, savings and loan association, credit union, insurance company, or institution (defined in Subsection (c)), which includes subsidiaries and affiliates of the above has agreed to participate in the interest subsidy and loan reduction programs established pursuant to this Act and has been designated in a State plan approved by the Secretary under section five of this Act.

(2)

(c) "Institution" means any bank or association of the Farm Credit System established under the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001, et seq.

(d) "State" means each of the several States of the United States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, the United States Virgin Islands, Guam, American Samoa and, to the extent the Secretary of Agriculture determines it to be feasible and appropriate, the Trust Territory of the Pacific Islands.

(e) "State agency" means the official or agency designated by the State to administer the programs established by this Act in that State.

SEC. 502 Assistance to any borrower under this Act shall be limited to an aggregate outstanding amount, including principal and interest, which does not exceed $500,000 in the case of an individual, and $750,000 in the case of a family corporation or family partnership. In order to qualify for assistance a borrower must demonstrate to the satisfaction of the lender:

(a) average gross annual sales in excess of $30,000 for not less than three of the preceding five tax years;

(b) a debt to asset ratio in excess of forty percent;

(c) ability, based upon past performance as a capable producer, to repay the debt after restructuring pursuant to this Act where such restructuring is jointly agreed to by borrower and lender.

SEC. 503 (a) Subject to the availability of funds provided pursuant to subsection (e) of this section, the Secretary of Agriculture (hereinafter referred to as the Secretary) in consultation and

(3)

cooperation with the Secretary of the Treasury, Controller of the Currency, Chairman of the Federal Reserve Board, Governor of the Farm Credit Administration, Federal Deposit Insurance Corporation, and each State agency, shall establish a cooperative Federal-State-Lender agricultural loan interest subsidy (AgLIS) program in which, at the request of a State, borrowers and lenders within the State shall be provided an opportunity to participate. During the year beginning on the date of USDA's approval of a State's plan, as defined in this Section and ending on a date one year later a borrower may apply to a lender for an interest rate subsidy with respect to any agricultural loan to that borrower from that lender outstanding on October 1, 1985. Upon such application by a borrower who or which qualifies for assistance under this Act and agreement by the lender, the loan shall be restructured within 90 days of date of application in such a manner that the interest rate of the borrower shall be fixed for a period of three years or the remaining term of the loan, whichever is less, at a rate equal to the rate of the borrowers loan as of October 1, 1985, less up to five percentage points. Of the up to five percentage point reduction or subsidy, two percentage points shall be paid by the Secretary through the State agency to the lender, not less than one percentage point nor more than two percentage points shall be paid to the lender by the State. Any State which requests participation in the program but declines to bear that State's share of the interest subsidy shall nonetheless be required to file and implement a State plan as required by this section, but shall be ineligible for reimbursement of administrative expenses as provided by this section.

The term to maturity of any debt for which interest subsidy

(4)

is provided under this section shall not be less than the term to maturity of the debt outstanding before such subsidy is provided. Payments on such debt shall be restructured in accordance with the borrower's ability to repay. Accrued interest on such outstanding debt prior to restructuring shall not be capitalized but shall be paid by the borrower to the lender prior to any retirement of principal under the loan agreement as restructured pursuant to this Act. Any balance of principal and interest outstanding at the end of three years on any loan restructured under this Act shall be repaid as agreed between borrower and lender at a rate of interest not to exceed the standard rate then charged by the lender on loans with comparable maturities for similar purposes.

(b) (1) (A) From the sums available pursuant to subection (e) of this section the Secretary shall, subject to the provisions of this subsection and subsection (c), pay to State Agencies an aggregate sum not to exceed $600 million for each of the fiscal years 1986, 1987, 1988 and 1989 to finance the Secretary's share of agricultural loan interest subsidies provided to lenders, and, in states contributing to the subsidy, 50 percentum of the approved State administrative expenses related to the provision of such assistance.

(B) The payment or payments to each State agency for any year shall be in such amount or amounts as the Secretary may determine and shall not exceed the expenditures by that State during that year for the provision of the Secretary's share of the interest subsidy to participating lenders according to the plan of the State approved under subsection (c) and, in States contributing to the subsidy, 50 percentum of the related approved State administrative expenses.

(5)

(2) The Secretary shall, subject to the provisions of subsection (c), pay to each State for the applicable year, at such times and in such manner as the Secretary may determine, the amount estimated by the State pursuant to the subsection (c) (1) (A) (iv), reduced or increased to the extent of any prior overpayment or current underpayment which the Secretary determines has been made under this section and with respect to which adjustment has not already been made under this subsection.

(c) (1) (A) In order for borrowers and their lenders to receive benefits under this Act for any year, each State shall have a plan for the year approved by the Secretary under this section. By June 1, 1986, and March 1 of each year hereafter, in which the interest subsidy is available, if the State wishes borrowers and their lenders to receive benefits, it shall submit a plan which --

(i) designates a single agency which shall be responsible for the administration, or supervision of the administration, of the program for the provision of such subsidy;

(ii) assesses the interest subsidy needs of borrowers residing in the State;

(iii) describes the program for the provision of such interest subsidy, including the lenders to whom such subsidy will be paid and any agencies designated to provide such payments, which program must meet such requirements as the Secretary may prescribe;

(iv) estimates the amount of expenditures necessary for the provision of the interest subsidy, and, in States contributing to the interest subsidy, related administrative expenses up to the amount allocated by the Secretary for payment in that State out of the total amount available for payment pursuant to subsection (b) (1) (A);

(6)

(v) requires any institution participating in the programs established by this Act to provide to any borrower whose loan is, or becomes, non-accruing between the date of enactment of this Act and 30 days prior to the ending date defined in Sec. 501 (a) 503 (a);

(vi) includes such other information as the Secretary may require.

(B) (i) The Secretary shall approve or disapprove any plan submitted pursuant to subparagraph (A) no later than July 15th, 1986, and April 15, in subsequence years, in which it is submitted. The Secretary shall approve any plan which complies with the requirements of subparagraph (A). If a plan is disapproved because it does not comply with any of the requirements of that subparagraph the Secretary shall, except as provided in subparagraph (B) (ii), notify the appropriate State agency that payments will not be made to it under subsection (b) for the year to which the plan applies until the Secretary is satisfied, that there is no longer any such failure to comply, until the Secretary is so satisifed, the Secretary shall make no payments.

(ii) The Secretary may suspend the denial of payments under subparagraph (B) (i) for such period as the Secretary determines appropriate and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, for the year to which the plan applies, until the Secretary is satisified that there is no longer any failure to comply with the requirements of subparagraph (A), at which time such withheld payments shall be paid.

(2) (A) The State shall provide for an annual audit of expenditures under its program for the provision of the interest subsidy described in subsection (b) (1) (A), within 60 days of the end of each year in which the interest subsidy is provided

(7)

and shall promptly report to the Secretary the findings of such audit.

(B) Within 60 days of the end of each year in which the interest subsidy is available the State shall provide the Secretary with a statement as to whether the payments received under subsection (b) for that year exceeded the expenditures by it during that year for which payment is authorized under this section, and if so, by how much, and such other information as the Secretary may require.

(C) (i) If the Secretary finds that there is a substantial failure by the State to comply with any of the requirements of subparagraphs (A) and (B), or to comply with the requirements of subsection (c) (1) (A) in the administration of a plan approved under subsection (c) (1) (B), the Secretary shall, except as provided in subparagraph (C) (ii), notify the State agency in the State that further payments will not be made to it under subsection (b) until the Secretary is satisfied that there will no longer be any such failure to comply, and until the Secretary is so satisfied, the Secretary shall make no further payments.

(ii) The Secretary may suspend the termination of payments under subparagraph (C) (i) for such period as the Secretary determines appropriate, and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, until the Secretary is satisified that there will no longer be any failure to comply with the requirements of subparagraphs (A) and (B) and subsection (c) (1) (A), at which time such withheld payments shall be paid.

(8)

(iii) Upon a finding under subparagraph (C) (i) of a substantial failure to comply with any of the requirements of subparagraphs (A) and (B) and subsection (c) (1) (A), the Secretary may, in addition to or in lieu of any action taken under subparagraphs (C) (i) and (C) (ii), refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance by the State and upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(d) The Secretary shall provide for review and, in the discretion of the Secretary, audit of the program for which payments

(9)

are made under this section, and may, as the Secretary deems practicable, provide to the States technical assistance with respect to such a program.

(e) There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. In order to make assistance available expeditiously and in a consistent and uninterrupted manner the Secretary is authorized and directed to utilize the funds, personnel and facilities of the United States Department of Agriculture, including those of the Commodity Credit Corporation (CCC), and of any other federal or State agency whose assistance is required to establish and carry out the AgLIS program. However, the Congress shall, not later than the next ensuing appropriation act provide full reimbursement of any sums advanced pursuant to this section and is authorized to appropriate such sums for the AgLIS program as may be necessary based on the Secretary's estimate of anticipated federal costs.

(f) The State agency shall have the authority to monitor lender's compliance with Sect. 503 (a). Any lender found in violation of that section shall not be eligible to receive further payments under this Act.

(g) Provisions of this title shall be come effective in a particular state upon adoption of that state's State Plan.

(10)

SEC. 504(a) D [redacted] An institution may take action as the result of a borrower defaulting on an outstanding loan made by such institution to any borrower only if -

(1) A thirty day notice of availability of assisance under this Act has been provided as required by section 503 (c)(1)(A)(v) of this Act, and

(2) any such borrower who has applied for assistance has been determined not to qualify for assistance under this Section.

(b) Provisions of this section shall become effective as defined in Sec. 503(g).

TITLE VI

MISCELLANEOUS PROVISIONS

SEC. 601. The provisions of the constitution or law of any State imposing any penalty, limitation, or moratorium relating to fixed rate mortgages shall not apply to any extension of credit in the form of a fixed rate mortage made under this Act.

SEC. 602. Whoever embezzles, misapplies, steals, or obtains by fraud, false statements, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

SEC. 603. There are authorized to be issued such regulations as may be necessary to carry out the provisions of this Act.

SEC. 604. There are hereby authorized to be appropriated such sums as may be required to carry out the provisions of this Act.

TITLE V

PANETTA-STANGELAND AMENDMENT TO H.R. 3792

COOPERATIVE FEDERAL-STATE LENDER AGRICULTURAL LOAN INTEREST SUBSIDY (AgLIS) PROGRAM

Sec. 501. Definitions used for Titles IV and V:

"Borrower" is any individual, family corporation or family partnership that makes at least 50 percent of its gross income from farming and holds agricultural loan or loans.

"Lender" is any commercial bank, savings and loan association, credit union, insurance company, or Farm Credit System.

"Institution" is any bank or association of the Farm Credit System.

Sec. 502 Farmer Eligibility

Borrowers are limited to a $500,000 aggregate loan participation in the case of an individual and $750,000 in the case of family corporation or partnership. To qualify the borrower must also meet the following:

(1) Average gross annual sales above $30,000 for at least three of the past five years;

(2) Debt to asset ratio above 40 percent;

(3) Debt to asset ratio that falls below 100 percent after loan is restructured (except for the Farm Credit System);

(4) Can show an ability to repay the restructured debt.

Section 503. Interest Buydown

A three-year program allowing eligible borrowers to apply to their lenders any time during the one-year window from the date the program begins. The loan itself must have been in existence as of October 1, 1985. The individual states will administer this part of the program.

The loan will have up to 5 percent interest buydown, with the 5 percent taken off the rate of the loan as of October 1, 1985.

The 5 percent will be provided by the federal government at 2 points, state government up to 2 points, and the lender taking the remaining one point.

All lenders and farm credit institutions listed in definitions are eligible lenders.

State contribution is optional, but at least one point of participation is required before the federal government will assist the state in its administrative costs.

Funding leve is set at a rate that would allow up to $30 billion in farm loans to be placed in the program.

States will submit a plan to the Secretary of Agriculture by March 1 of each year which:
(1) designates a single agency to be responsible for running the program;
(2) assesses the interest subsidy needs of borrowers, in the state;
(3) describes the program for administering, and includes the lenders who will be participating;
(4) estimates the state's borrower participation level and the funds needed.

Secretary must review and rule on the plan before April 15.

State agency will then handle the transfer of funds from government to lender.

Section 504. This section forbids FCS institutions from foreclosing [redacted] on borrowers unless they are run through this program.

Title VI

Miscellaneous Provisions

Section 601. Fixed Rate Mortgages

This section clarifies that the requirement for fixed rate mortgages in any restructured loan supercedes any state law.

Section 602. Criminal Penalties

Provides for up to $10,000 fine or up to five years in prison for those who steal, forge, misapply, etc., under this act.

Section 603. Authorizes Regulations

Section 604. Authorizes Appropriations at such sums as necessary.

Amendment to H.R. 3792, as Introduced

Offered by Mr. Evans of Iowa

Page 16, after line 12, add the following:

"(21) Purchase from associations undergoing liquidation all assets which are performing loans not voluntarily purchased by other associations,"

Redesignate succeeding paragraphs.

AMENDMENT TO H.R. 3792

by: Honorable Timothy J. Penny

1. ~~An amendment to Sec. 301 on page 65 line 24 strike the word "guidelines" and insert in lieu thereof "standards"~~

2. An amendment to Sec. 303 on page 67 line 1 insert the following after the word "establish":

"from among such board's members"

#11

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(To provide for additional provision for loss reserves)

Title I is amended by adding the following new section:

"Section 104. Part B of Title II of the Farm Credit Act of 1971 is amended by striking out the parenthetical matter in subsection 2.14(a) and inserting in lieu thereof the following:

'(including provision for valuation reserves against loan assets in an amount equal to one-half of 1 per centum of the loans outstanding at the end of the fiscal year to the extent that such earnings in such year in excess of other operating expenses permit, or in such greater amounts as are deemed necessary under generally accepted accounting principles, until such reserves equal or exceed 3½ per centum of the loans outstanding at the end of the fiscal year, beyond which 3½ per centum further additions to such reserves may be made, if deemed necessary under generally accepted accounting principles)'.

Amendment by Mr. English

Amend subsection 5.12(a) (3) (page 28, line 6) by designating the language in the subection as (a) and adding at the end (page 28, line 17) the following:

"(b) Report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry when examination of any institution of the System shows that the institution is in danger of insolvency. The report shall include causes of the anticipated insolvency and the steps the Farm Credit Administration will order in an attempt to cure the problems of the insitution."

#4

AMENDMENT TO H. R. 3792
TO BE OFFERED BY MR. GLICKMAN

On page 53, after line 4, insert the following new section:

"SEC. 5.37. LIABILITY OF DIRECTORS AND OFFICERS. -- Any person who, in the course of service as an officer or director of a System institution, knowingly violates or participates in the violation of this Act or any rule, regulation, or order issued thereunder, shall be personally and individually liable for all damages which the institution, its stockholders, or any other person shall have sustained in consequence thereof. The provisions of this subsection may be enforced in an action at law commenced in the District Courts of the United States by or on behalf of such institution, stockholder or other person."

#14

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(Amendment to provide for the method of electing Farm Credit System Capital Corporation Board Members)

Amend Section 4.28(C), as amended, by adding at the end thereof the following:

> "The bylaws of the Capital Corporation shall prescribe the procedure by which directors of the Capital Corporation shall be nominated and elected by the banks that are contributing financial aid/stock to the Corporation. Each stockholder bank shall be entitled to one vote regardless of the number of shares held by it."

#12

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(Amendment concerning mergers of System institutions)

Insert in new Section 5.17(a)(3) the following:

~~"With the approval of the Farm Credit Administration, the Farm Credit Administration Board may require a merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.~~

"The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under Section 4.28, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

All subsequent paragraphs shall be appropriately renumbered.

#5

AMENDMENT TO H.R. 3792

Offered By Mr. Stenholm

(Amendment concerning the Capital Corporation purchases at "fair market value" or "current earning value", whichever one is greater)

Section 103 is amended by striking out the words "current value" in new paragraph 4.28 H(a) line 16 and inserting in lieu thereof the words "fair market value" or "current earning value", whichever one is greater, discounted.

Amendment to H.R. 3792

Offered by Mr. Jeffords

Page 13, line 10, add at the end of the sentence (before the semicolon):
"or allowances for losses."

Recommended report language by Mr. English

It is the intention of the Committee that when the Capital Corporation leases acquired land back to the original owner, it sets the rental rate, whether cash or crop-share, at the level normal in the area at the time the lease is negotiated.

AMENDMENT TO H.R. 3972

Offered by Mr. English.

(To clarify what is an unsafe and unsound banking practice and ensure that liquidation/receivership of system entities is used only as a last resort)

1. On page 33, lines 24 and 25, strike "practice in conducting the business of the institution" and insert in lieu thereof "agricultural banking practice that directly affects, or would directly affect, the institution's financial stability".
2. On page 37, lines 22 and 23, strike "practice in connection with the management of the institution" and insert in lieu thereof "agricultural banking practice that directly affects, or would directly affect, the institution's financial stability".
3. On page 51, lines 3 through 5, strike subsection (e).
4. On page 4, starting on line 21 and continuing through page 6, line 4, strike subsection (b) and insert in lieu thereof:

"(b) The Farm Credit Administration shall have the power to place a System institution in receivership, and to liquidate it, as a Congressionally disfavored option exercisable only if measures necessary to preserve its corporate existence would significantly impair the resources of the Capital Corporation or threaten the viability of another System institution. Upon such event, it shall be the duty of the Farm Credit Administration as such receiver to cause notice to be given, by advertisement in such newspapers as it may direct, to all persons having claims against such closed institution in accordance with Section 193 of this title; to realize upon the assets of such closed institution, having due regard to the condition of credit in the locality; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed institution in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided. With respect to such closed institution, the Farm Credit Administration as such receiver shall have all the rights, powers, and privileges now possessed by or hereafter granted by law to a receiver of a national bank or District bank. The Farm Credit Administration shall have the power to charter a new System institution, as otherwise provided in this Act, to replace an institution closed pursuant to this section.".

5. On page 54, lines 9 through 11, strike subsection (A) and insert in lieu thereof:

   "(A) striking out ', subject to supervision by the Farm Credit Administration,'".

6. On page 55, line 7, strike ", ninth, and tenth" and insert in lieu thereof "and ninth".

7. On page 55, lines 7 through 9, strike subsection (D) and insert in lieu thereof:

"(D) striking out all of the tenth sentence;".

8. On page 56, lines 1 through 3, strike subsection (A) and insert in lieu thereof:

"(A) striking out ', subject to the supervision of the Farm Credit Administration,'".

9. On page 57, lines 22 through 25, strike subsection (D) and insert in lieu thereof:

"(D) striking out all of the ninth sentence;".

10. On page 59, lines 1 through 3, strike subsection (A) and insert in lieu thereof:

"(A) striking out ', subject to supervision by the Farm Credit Administration,'".

AMENDMENT TO H.R. 3792

Offered By Mr. English

(To provide separate boards for each bank and have farmer/ranchers directly elect two directors of District Boards.)

1. On page 68, renumber Title IV as Title V and insert a new Title IV as follows:

TITLE IV -- CORPORATE GOVERNANCE AND
ACCOUNTABILITY PROVISIONS

Section 401. Section 5.3 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 5.3. SEPARATE BOARDS OF DIRECTORS FOR FEDERAL LAND BANKS, FEDERAL INTERMEDIATE CREDIT BANKS, AND DISTRICT BANKS FOR COOPERATIVES. -- (a) The Board of Directors of each Federal land bank, each Federal intermediate credit bank, and each district bank for cooperatives shall be selected from among persons who satisfy the eligibility requirements specified in Section 5.1(b).

"(b) Each such Board of Directors shall be composed of five members who shall be elected by the holders of the voting stock of the bank involved (or, in the case of a district bank for cooperatives, by the borrowers from and subscribers to the guaranty fund of such bank).

"(c) Members of each such board shall hold their offices for terms, and subject to the limitations, specified in subsections (b) and (c) of section 5.1.

"(d) The nomination and election of members to each such board, and the filling of vacancies in such board, shall be as follows:

"(1) At least two months before an election of a director, the bank involved shall cause notice in writing to be sent to those entitled to nominate candidates for such a director. In the case of an election of a director by Federal land bank associations and borrowers through agencies, such notice shall be sent to all Federal land bank associations and borrowers through agencies in the district; in the case of an election by production credit associations, such notice shall be sent to all production credit associations in the district; and in the case of an election by cooperatives which are voting stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district, such notice shall be sent to all cooperatives which are eligible, voting stockholders or subscribers to the guaranty fund at the time of sending the notice. The notice in the case of associations shall stat the number of votes the board of each association is entitled to cast for nomination and election based on the voting stockholders of the association as determined by the bank involved. The bank involved shall, from the nominations received within sixty days after it sends such notice, prepare a list of candidates for such elected director, consisting of the two nominees receiving the highest number of votes, except that for elections to fill vacancies the bank involved may specify a shorter period than sixty days but not less than thirty days.

"(2) At least one month before the election of a director, the bank involved shall mail to each person or organization entitled to elect the director a list of the two candidates receiving the highest number of votes from those nominated in accordance with subsection (1). In the case of an election of a director by the Federal land bank associations, the directors of each land bank association shall cast the vote of such association for one of the candidates on the list. Each association shall be entitled to cast the number of votes specified in the notice prior to the nomination poll as determined by the bank involved to be the number of voting stockholders of each association, and each direct borrower and borrower through agent shall be entitled to cast one vote. Each production credit association shall be entitled to cast the number of votes specified in the notice of nomination poll as determined by the bank involved to be equal to the number of voting stockholders of such association. Each cooperative which is the holder of voting stock in or a subscriber to the guaranty fund of the bank for cooperatives shall be entitled to cast one vote except as provided in subsection 3.3(d). The votes shall be forwarded to the bank involved and no vote shall be counted unless received by it within sixty days after the sending of such list of candidates, except that for elections to fill vacancies the bank involved may specify a shorter period than sixty days but not less than thirty days. In the case of a tie another runoff election between those tying shall be held.

"(3) Any vacancies in the board of directors shall be filled for the unexpired term in the manner provided in sections 5.1 and 5.2 for the selection of such directors.

"(e) Each such board shall elect officers in the manner and for the term described in section 5.4.".

Sec. 402. (a) Subsection (a) of section 5.1 of the Farm Credit Act of 1971 is amended by striking out "seven" and by inserting in lieu thereof "five";

(b) Section 5.2 of the Farm Credit Act of 1971 is amended:

(1) by striking subsection (a) and inserting in lieu thereof:

"(a) One of the district directors shall be appointed by the board of directors of the Federal land bank in such district, from among their own number. One of the district directors shall be appointed by the board of directors of the Federal intermediate credit bank in such district, from among their own number. One of the district directors shall be appointed by the board of directors of the bank for cooperatives in such district, from among their own number. The remaining two directors shall be elected by the borrowers at large in the district, which for the purpose of this section, shall consist of (i) the voting stockholders of Federal land bank associations and the direct borrowers, and borrowers through agencies, from the Federal land bank, (ii) the voting stockholders of the production credit associations; and (iii) the voting stockholders and subscribers to the guaranty fund of the bank for cooperatives.";

(2) by striking subsection (b) and inserting in lieu thereof:

"(b) At least two months before an election of an at-large director the District Board shall cause notice in writing to be sent to all borrowers at large in the district. After receipt of such notice, borrowers at large shall forward nominations to the District Board. The District Board shall, from the nominations received within sixty days after it sends such notice, prepare a list of candidates for such at-large director, consisting of the two nominees receiving the highest number of votes, except that for elections to fill vacancies the District Board may specify a shorter period than sixty days but not less than thirty days."; and

(3) by striking subsection (c) and inserting in lieu thereof:

"(c) At least one month before the election of an at-large director, the District Board shall mail to each borrower at large a list of the two candidates receiving the highest number of votes from those nominated in accordance with subsection (b). Each borrower at large shall be entitled to cast one vote. The votes shall be sent to the District Board and no vote shall be counted unless received by it within sixty days after the sending of such list of candidates, except that for election to fill vacancies the District Board may specify a shorter period than sixty days but not less than thirty days."

(c) Subsection (a) of section 5.6 of the Farm Credit Act of 1971 is amended by striking out paragraphs (1) through (6), inclusive, and by inserting in lieu thereof the following:

"(1) Coordinate and administer such joint undertakings and joint properties of the banks of the System as may be authorized from time to time by each of the respective boards of directors of such banks.

"(2) Advise the respective boards of directors of each of the banks of the district which are institutions of the system on coordination of policies designed to promote operational and administrative efficiencies.

"(3) Provide a forum and the means of communication for System bank boards in the district to monitor the collective financial soundness of the System institutions in the district, and to alert the Farm Credit Administration of any need for closer supervision.".

(d) Conforming Amendments. -- (1) Section 5.5 of the Farm Credit Act of 1971 is amended in the first sentence by striking out "as district board" and all that follows through "the district banks", and

(2) Section 3.2 of the Farm Credit Act of 1971 is amended in the first sentence of subsection (a) by striking out "In the case" and all that follows through "in the case" and inserting in lieu thereof "The board of directors".

2. On page 68, line 15, change "401" to "501" and change "III" to "IV".
3. On page 68, line 18, change "402" to "502".
4. On page 69, line 11, change "403" to "503".

AMENDMENT BY MR. HUCKABY

Add at an appropriate place in the Farm Credit Act of 1971 the following:

"No insitutition of the Farm Credit System shall sell any real property that previously served as security for a loan in a tract larger than a normal family size farm in the vicinity of the property for less than the amount it can receive from the Capital Corporation.

Amendment to H.R. 3792 offered by Mr. Marlenee

Page 76, line 4 after the word "person.", strike the closing quotation mark and insert the following new subsection:

"(b) The System institution shall appraise existing mineral intersts and assign a value to such mineral interests when making a loan, otherwise such interests shall not serve as part of the collateral for the loan. If the severance of such mineral interests will diminish the surface value beyond reclamation and damage reimbursement, such mineral interest will remain as part of the collateral.

Conforming amendment: Insert on page 75, line 24, after "sec.4.35." the designation "(a)".